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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2003

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to _____________

Commission File Number 0-50209

BOSTON PROPERTIES LIMITED PARTNERSHIP

(Exact name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	**04-3372948** (IRS Employer Id. Number)
111 Huntington Avenue **Boston, Massachusetts** (Address of principal executive offices)	**02199** (Zip Code)

Registrant's telephone number, including area code: (617) 236-3300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.) Yes o No ☒

BOSTON PROPERTIES LIMITED PARTNERSHIP

FORM 10-Q

for the quarter ended June 30, 2003

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ITEM 1—Consolidated Financial Statements.

BOSTON PROPERTIES LIMITED PARTNERSHIP

CONSOLIDATED BALANCE SHEETS

(unaudited)

	June 30, 2003	December 31, 2002
	(in thousands, except for unit amounts)	
ASSETS		
Real estate:	$ 8,464,424	$ 8,608,052
Less: accumulated depreciation	(891,980)	(822,133)
Total real estate	7,572,444	7,785,919
Cash and cash equivalents	158,587	55,275
Cash held in escrows	18,187	41,906
Tenant and other receivables, net of allowance for doubtful accounts of $4,407 and $3,682, respectively	21,185	20,458
Accrued rental income, net of allowance of $5,441 and $5,000, respectively	160,586	165,321
Deferred charges, net	168,833	176,545
Prepaid expenses and other assets	22,090	18,015
Investments in unconsolidated joint ventures	93,904	101,905
Total assets	$ 8,215,816	$ 8,365,344
LIABILITIES, REDEEMABLE PARTNERSHIP UNITS AND PARTNERS' CAPITAL		
Liabilities:		
Mortgage notes payable	$ 3,349,134	$ 4,267,119
Unsecured senior notes, net of discount	1,470,148	747,375
Unsecured bridge loan	—	105,683
Unsecured line of credit	—	27,043
Accounts payable and accrued expenses	49,299	73,846
Distributions payable	84,030	81,226
Interest rate contracts	12,677	14,514
Accrued interest payable	56,088	25,141
Other liabilities	63,771	81,085
Total liabilities	5,085,147	5,423,032
Commitments and contingencies	—	—
Minority interest in property partnership	28,873	29,882

Redeemable partnership units—9,193,114 and 9,201,137 preferred units outstanding at redemption value (if converted) at June 30, 2003 and December 31, 2002, respectively, and 20,382,990 and 20,474,241 common units outstanding at redemption value at June 30, 2003 and December 31, 2002, respectively	1,295,433	1,105,561
Partners' capital—1,266,050 and 1,250,384 general partner units and 95,762,861 and 94,112,606 limited partner units outstanding at June 30, 2003 and December 31, 2002, respectively (such amounts are inclusive of accumulated other comprehensive loss and unearned compensation of $16,684 and $7,734, respectively, at June 30, 2003 and $17,018 and $2,899, respectively, at December 31, 2002)	1,806,363	1,806,869
Total liabilities, redeemable partnership units and partners' capital	$ 8,215,816	$ 8,365,344

The accompanying notes are an integral part of these financial statements.

BOSTON PROPERTIES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
	(in thousands, except for per unit amounts)			
Revenue				
Rental:				
Base rent	$ 248,848	$ 231,296	$ 496,201	$ 449,313
Recoveries from tenants	37,262	35,549	77,143	68,525
Parking and other	13,955	12,458	28,150	24,554
Total rental revenue	300,065	279,303	601,494	542,392
Hotel revenue	17,213	—	30,459	—
Development and management services	5,429	1,710	10,019	5,408
Interest and other	663	2,310	1,078	3,582
Total revenue	323,370	283,323	643,050	551,382
Expenses				
Operating				
Rental	95,689	88,524	194,791	174,822
Hotel	12,258	—	23,429	—
General and administrative	11,028	13,564	22,427	24,633
Interest	75,447	64,366	149,092	125,181
Depreciation and amortization	50,442	42,236	100,066	83,686
Net derivative losses	991	4,826	1,923	5,129
Loss from early extinguishment of debt	—	—	1,474	—
Loss on investments in securities	—	—	—	4,297
Total expenses	245,855	213,516	493,202	417,748
Income before minority interests in property partnerships, income from unconsolidated joint ventures, gains on sales of real estate and other assets, discontinued operations and preferred distributions	77,515	69,807	149,848	133,634
Minority interests in property partnerships	245	712	642	1,183
Income from unconsolidated joint ventures	1,353	1,659	4,011	3,341
Income before gains on sales of real estate and other assets, discontinued operations and preferred distributions	79,113	72,178	154,501	138,158
Gains on sales of real estate and other assets	4,296	—	68,990	—
Income before discontinued operations and preferred distributions	83,409	72,178	223,491	138,158
Discontinued Operations:				
Income from discontinued operations	—	3,929	2,355	7,729
Gains on sales of real estate from discontinued operations	—	—	91,942	7,146

Income before preferred distributions	83,409	76,107	317,788	153,033
Preferred distributions	(6,442)	(8,902)	(12,802)	(17,981)
Net income available to common unitholders	$ 76,967	$ 67,205	$ 304,986	$ 135,052
Basic earnings per common unit:				
Income available to common unitholders before discontinued operations	$ 0.66	$ 0.56	$ 1.81	$ 1.08
Discontinued operations	—	0.04	0.81	0.13
Net income available to common unitholders—per common unit	$ 0.66	$ 0.60	$ 2.62	$ 1.21
Weighted average number of common units outstanding	116,931	111,923	116,571	111,599
Diluted earnings per common unit:				
Income available to common unitholders before discontinued operations	$ 0.65	$ 0.56	$ 1.79	$ 1.06
Discontinued operations	—	0.03	0.80	0.13
Net income available to common unitholders—per common unit	$ 0.65	$ 0.59	$ 2.59	$ 1.19
Weighted average number of common and common equivalent units outstanding	118,613	113,582	117,891	113,350

The accompanying notes are an integral part of these financial statements.

BOSTON PROPERTIES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF

COMPREHENSIVE INCOME
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
	(in thousands)			
Net income before preferred distributions	$ 83,409	$ 76,107	$ 317,788	$ 153,033
Other comprehensive income:				
Amortization of interest rate contracts	160	173	334	173
Other comprehensive income	160	173	334	173
Comprehensive income	$ 83,569	$ 76,280	$ 318,122	$ 153,206

The accompanying notes are an integral part of these financial statements.

BOSTON PROPERTIES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the six months ended June 30,	
	2003	2002
	(in thousands)	
Cash flows from operating activities:		
Net income before preferred distributions	$ 317,788	$ 153,033
Adjustments to reconcile net income before preferred distributions to net cash provided by operating activities:		
Depreciation and amortization	100,193	86,727

Non-cash portion of interest expense	3,010	2,763
Non-cash compensation expense	1,306	488
Loss on investments in securities	—	4,297
Non-cash portion of derivative losses	(1,838)	1,532
Minority interest in property partnerships	(642)	(2,721)
Distributions in excess of earnings from unconsolidated joint ventures	1,416	806
Gains on sales of real estate	(156,789)	(7,146)
Change in assets and liabilities:		
Cash held in escrows	3,719	224
Tenant and other receivables, net	(728)	12,248
Accrued rental income, net	(23,431)	(26,745)
Prepaid expenses and other assets	377	5,358
Accounts payable and accrued expenses	(22,189)	(13,225)
Accrued interest payable	30,947	8,555
Other liabilities	2,686	(1,774)
Tenant leasing costs	(5,982)	(25,152)
Total adjustments	(67,945)	46,235
Net cash provided by operating activities	249,843	199,268
Cash flows from investing activities:		
Acquisitions/additions to real estate	(139,575)	(200,709)
Investments in unconsolidated joint ventures	(770)	(3,125)
Net proceeds from the sales of real estate	524,264	22,194
Deposits on real estate	—	8,057
Net cash provided by (used in) investing activities	383,919	(173,583)
Cash flows from financing activities:		
Borrowings on unsecured line of credit	255,663	10,000
Repayments of unsecured line of credit	(282,706)	(10,000)
Repayments of mortgage notes	(991,381)	(22,510)
Proceeds from mortgage notes	84,079	123,184
Proceeds from unsecured senior notes, net of discount	722,602	—
Deposits placed in mortgage escrow	(376,726)	—
Payments received from mortgage escrow	301,341	—
Repayments of unsecured bridge loan	(105,683)	—
Distributions	(153,792)	(145,389)
Partner contributions	26,507	2,646
Deferred financing costs	(10,354)	(43)
Net cash used in financing activities	(530,450)	(42,112)
Net increase (decrease) in cash and cash equivalents	103,312	(16,427)
Cash and cash equivalents, beginning of period	55,275	98,067
Cash and cash equivalents, end of period	$ 158,587	$ 81,640
Supplemental disclosures:		
Cash paid for interest	$ 124,189	$ 132,903
Interest capitalized	$ 9,054	$ 13,107
Non-cash investing and financing activities:		
Additions to real estate included in accounts payable	$ 2,487	$ 14,816
Mortgage notes payable assumed in connection with the acquisition of real estate	$ 64,702	$ —
Distributions declared but not paid	$ 84,030	$ 83,707
Issuance of partners' capital in connection with the acquisition of real estate	$ —	$ 675
Conversions of redeemable units to partners' capital	$ 2,333	$ 7,617
Issuance of restricted units	$ 6,141	$ 1,989

The accompanying notes are an integral part of these financial statements.

BOSTON PROPERTIES LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

Boston Properties Limited Partnership (the "Company"), a Delaware limited partnership, is the entity through which Boston Properties, Inc., a self-administered and self-managed real estate investment trust ("REIT"), conducts substantially all of its business and owns (either directly or through subsidiaries) substantially all of its assets. Boston Properties, Inc. is the sole general partner of the Company and at June 30, 2003 owned an approximate 76.6% (75.3% at June 30, 2002) general and limited partnership interest in the Company. Partnership interests in the Company are denominated as "common units of partnership interest" (also referred to as "OP Units") or "preferred units of partnership interest" (also referred to as "Preferred Units"). All references to OP Units and Preferred Units exclude such units held by Boston Properties, Inc. A holder of an OP Unit may present such OP Unit to the Company for redemption at any time (subject to restrictions agreed upon at the time of issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Company must redeem such OP Unit for cash equal to the then value of a share of common stock of Boston Properties, Inc. ("Common Stock"). In lieu of a cash redemption, Boston Properties, Inc. may elect to acquire such OP Unit for one share of Common Stock. Because the number of shares of Common Stock outstanding at all times equals the number of OP Units that Boston Properties, Inc. owns, one share of Common Stock is generally the economic equivalent of one OP Unit, and the quarterly distribution that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of Common Stock. Each series of Preferred Units bears a distribution that is set in accordance with an amendment to the partnership agreement of the Company. Preferred Units may also be converted into OP Units at the election of the holder thereof or the Company in accordance with the terms of each series of outstanding Preferred Units.

All references to the Company refer to Boston Properties Limited Partnership and its subsidiaries, collectively, unless the context otherwise requires.

The Properties:

At June 30, 2003, the Company owned or had interests in a portfolio of 139 commercial real estate properties (142 and 144 properties at December 31, 2002 and June 30, 2002, respectively) (the "Properties") aggregating more than 42.9 million net rentable square feet (including three properties under construction totaling approximately 2.0 million net rentable square feet). The Properties consist of 130 office properties, including 102 Class A office properties and 28 Office/Technical properties; four industrial properties; three hotels; and two retail properties; and structured parking for 28,962 vehicles containing approximately 8.7 million square feet. In addition, the Company owns, controls or has interests in 41 parcels of land totaling 539.6 acres (which, if developed, will support approximately 8.8 million net rentable square feet).

2. Basis of Presentation and Summary of Significant Accounting Policies

The consolidated financial statements of the Company include all of the accounts of the Company and subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in real estate joint ventures and companies, over which the Company has the ability to exercise significant influence, but does not have financial or operating control, are accounted for using the equity method of accounting. Accordingly, the Company's share of the earnings of these joint ventures and companies is included in consolidated net income. These financial statements should be read in conjunction with the Company's financial statements and notes thereto

contained in the Company's Form 10, which became effective on May 13, 2003, and was revised on Form 8-K filed on June 13, 2003.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for other interim periods or for the full fiscal year.

Summary of Significant Accounting Policies

Stock-based employee option plan

At June 30, 2003, Boston Properties, Inc. had stock-based employee compensation plans. Boston Properties, Inc. accounts for those plans under the recognition and measurement principles of the Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. All outstanding options have an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income available to common unitholders and earnings per common unit if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation.

	For the six months ended June 30,		For the three months ended June 30,	
	2003	2002	2003	2002
	(in thousands, except for per unit amounts)			
Net income available to common unitholders	$ 304,986	$ 135,052	$ 76,967	$ 67,205

Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards	(3,512)	(4,695)	(1,756)	(2,347)
Pro forma net income available to common unitholders	$ 301,474	$ 130,357	$ 75,211	$ 64,858
Earnings per unit:				
Basic—as reported	$ 2.62	$ 1.21	$ 0.66	$ 0.60
Basic—pro forma	$ 2.59	$ 1.17	$ 0.64	$ 0.58
Diluted—as reported	$ 2.59	$ 1.19	$ 0.65	$ 0.59
Diluted—pro forma	$ 2.56	$ 1.15	$ 0.63	$ 0.57

3. Real Estate Activity During the Three Months Ended June 30, 2003

Development

During the quarter ended June 30, 2003, the Company placed in-service its Shaw's Supermarket development project. Shaw's Supermarket is a 57,235 net rentable square foot retail property located at the Prudential Center in Boston, Massachusetts. As of June 30, 2003, the Shaw's Supermarket property was 100% leased.

Acquisitions

On April 1, 2003, the Company acquired the remaining 50% outside interest in its One and Two Discovery Square joint venture, consisting of two Class A office properties totaling 366,989 square feet located in Reston, Virginia. The Company acquired the remaining 50% interest for $18.3 million cash and the assumption of the outside partner's share of the mortgage debt of approximately $32.4 million. This property was previously accounted for as an investment in an unconsolidated joint venture. The Company accounted for the acquisition in accordance with the provisions SFAS No. 141 "Business Combinations" ("SFAS No. 141"). The Company allocated the purchase price, of the acquired 50% interest, to net tangible and identified intangible assets acquired based on their fair values (including land, buildings, tenant improvements, acquired above and below market leases and the origination cost of acquired in-place leases) and acquired liabilities, and allocated the purchase price based on these assessments, including land at appraised value and buildings at replacement costs. The Company assessed fair value based on estimated cash flow projections that utilize discount and capitalization rates deemed appropriate by management and available market information. As part of the allocation of purchase price, the Company recorded an asset totaling approximately $5.1 million representing the value of acquired in-place "above market" leases. The value of "above market" leases is amortized to expense over the remaining term of the respective leases, primarily ranging from approximately four to ten years. For the quarter ended June 30, 2003, the Company recognized approximately $0.2 million as a reduction to rental revenue to reflect the amortization of the acquired "above market" leases.

4. Investments in Unconsolidated Joint Ventures

The investments in unconsolidated joint ventures consist of the following at June 30, 2003:

Entity	Property	Nominal % Ownership
One Freedom Square LLC	One Freedom Square	25%(1)(2)
Square 407 Limited Partnership	Market Square North	50%
The Metropolitan Square Associates LLC	Metropolitan Square	51%(3)
BP 140 Kendrick Street LLC	140 Kendrick Street	25%(1)
BP/CRF 265 Franklin Street Holdings LLC	265 Franklin Street	35%
BP/CRF 901 New York Avenue LLC	901 New York Avenue	25%(1)(4)
Two Freedom Square LLC	Two Freedom Square	50%(2)

(1) Ownership can increase based on the achievement of certain return thresholds.

(2) On August 5, 2003, the Company acquired the remaining outside interests in these joint ventures. See "Note 17. Subsequent Events."

(3) This joint venture is accounted for under the equity method due to participatory rights of the outside partner.

(4) The property is currently under development.

On April 1, 2003, the Company acquired the remaining 50% outside interest in its Discovery Square joint venture, consisting of two Class A office properties totaling 366,989 square feet located in Reston, Virginia. The Company acquired the remaining 50% interest for $18.3 million of cash and the assumption of the outside partner's share of the mortgage debt of approximately $32.4 million. The accounts of Discovery Square are now consolidated with the accounts of the Company.

During the quarter ended June 30, 2003, the Company placed in-service its Two Freedom Square development project, in which the Company had a 50% joint venture interest. Two Freedom Square is a 422,930 net rentable square foot office property located in Reston, Virginia, which was 99% leased at June 30, 2003. On August 5, 2003, the Company acquired the remaining outside interests in its One and Two Freedom Square joint ventures. See "Note 17. Subsequent Events."

The combined summarized balance sheets of the unconsolidated joint ventures are as follows:

	June 30, 2003	December 31, 2002
	(in thousands)	
ASSETS		
Real estate, net	$ 698,470	$ 753,931
Other assets	51,288	59,665
Total assets	$ 749,758	$ 813,596
LIABILITIES AND MEMBERS' EQUITY		
Mortgage and construction loans payable	$ 513,826	$ 558,362
Other liabilities	8,632	13,436
Members' equity	227,300	241,798
Total liabilities and members' equity	$ 749,758	$ 813,596
Company's share of equity	$ 91,027	$ 98,997
Basis differentials (1)	2,877	2,908
Carrying value of the Company's investments in unconsolidated joint ventures	$ 93,904	$ 101,905

(1) This amount represents the aggregate difference between the Company's historical cost basis reflected and the basis reflected at the joint venture level, which is typically amortized over the life of the related asset. Basis differentials occur primarily upon the transfer of assets into a joint venture, which were previously owned by the Company. In addition, certain acquisition, transaction and other costs may not be reflected in the net assets at the joint venture level.

The combined summarized statements of operations of the joint ventures are as follows:

	For the six months ended June 30, 2002		For the three months ended June 30, 2002	
	2003	2002	2003	2002
	(in thousands)		(in thousands)	
Total revenue	$ 50,671	$ 43,087	$ 23,591	$ 22,181
Expenses				
Operating	14,851	12,396	7,414	6,323
Interest	16,582	16,126	8,309	8,026
Depreciation and amortization	9,898	7,317	4,729	3,886
Total expenses	41,331	35,839	20,452	18,235
Net income	$ 9,340	$ 7,248	$ 3,139	$ 3,946
Company's share of net income	$ 4,011	$ 3,341	$ 1,353	$ 1,659

5. Mortgage Notes Payable

On April 14, 2003, the Company refinanced the mortgage loan totalling $376.7 million collateralized by its Five Times Square property in New York City. The new financing consisted of (1) approximately $139.7 million of cash borrowed under the Company's revolving line of credit facility, which borrowing was collateralized by the property and subsequently refinanced during May 2003 and (2) a mortgage loan of approximately $237.0 million (which was increased to $376.7 million in May 2003 following the refinancing of the approximately $139.7 million borrowed under the credit facility) which was collateralized by the property and an equivalent amount of the Company's cash deposited in a cash collateral account with the mortgage lender. During the term of the mortgage loan, the balance in the cash collateral account must equal or exceed the outstanding borrowings on the mortgage loan. The mortgage loan bears interest at LIBOR plus 25 basis points and matures on April 1, 2004. The refinancing enabled the Company to preserve transferable benefits of certain mortgage issuance costs. In June 2003, the Company recognized a gain of approximately $4.1 million in connection with the assumption of approximately $301.3 million of the mortgage loan by a third party and the transfer to such third party of such related benefits. Simultaneously with the transfer of such benefits, the Company was released of its obligation to repay approximately $301.3 million of the mortgage loan and approximately $301.3 million in the cash collateral account was paid to the third party for its assumption of those payment obligations. The gain has been reported in the Company's Consolidated Statements of Operations as a Gain on Sales of Real Estate and Other Assets. Because the Company intends to set-off the cash collateral against the loan obligation, and the right of set-off is enforceable at law, the remaining loan and the cash collateral each totalling approximately $75.4 million at June 30, 2003 have been reported on a net basis in the Company's Consolidated Balance Sheet.

On June 30, 2003, the Company agreed to a modification with its lender on the $62.7 million mortgage loan that is secured by the Reservoir Place property in Waltham, Massachusetts. The mortgage loan, prior to modification, bore interest at a fixed rate of 9.646% per annum and matured in November 2006. However, as the debt was assumed and recorded at fair value in connection with the

original acquisition of the property, pursuant to the provisions of EITF 98-1, the effective interest rate for accounting purposes was 6.88% per annum prior to the modification. In connection with the modification, the Company made a principal payment of $9.1 million and incurred an up-front $2.1 million fee. Following the modification, the mortgage loan bears interest at a fixed rate of 7.0% per annum and matures on July 1, 2009. As the modification was not considered substantially different, the fee and remaining unamortized premium will be amortized over the remaining term of the modified mortgage using the effective interest method.

In connection with the acquisition of the remaining 50% outside interest in Discovery Square in Reston, Virginia on April 1, 2003, the Company assumed the outside partner's share of the mortgage loan secured by the property totaling $32.4 million. Subsequent to the acquisition on April 1, 2003, the Company repaid in full the mortgage loan on the property totaling $64.7 million.

During the three months ended June 30, 2003, the Company repaid the following mortgage notes payable:

Date Repaid	Property Securing the Debt	Amount Repaid (in thousands)
April 1, 2003	Discovery Square	$ 64,702
April 1, 2003	Shaw's Supermarket	21,539
May 22, 2003	2600 Tower Oaks Boulevard	30,978
		$ 117,219

6. Unsecured Senior Notes

On May 22, 2003, the Company completed an unregistered offering of $250.0 million in aggregate principal amount of its 5.0% senior unsecured notes due June 1, 2015. The notes were priced at 99.329% of their face amount to yield 5.075%. The Company used the net proceeds to repay the mortgage loan secured by the property at 2600 Tower Oaks Boulevard in Rockville, Maryland totaling $31.0 million, to repay amounts then outstanding under its unsecured revolving credit facility described below and for other general business purposes. The notes have been reflected net of discount in the Consolidated Balance Sheets.

The indenture relating to the unsecured senior notes contains certain financial restrictions and requirements, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 50%, (3) an interest coverage ratio of greater than 1.50, and (4) an unencumbered asset value of not less than 150% of unsecured debt. At June 30, 2003, the Company was in compliance with each of these financial restrictions and requirements.

7. Unsecured Bridge Loan and Unsecured Line of Credit

During 2002, the Company obtained unsecured bridge financing totaling $1.0 billion (the "Unsecured Bridge Loan") in connection with the acquisition of 399 Park Avenue. The Unsecured Bridge Loan required interest only payments at a variable rate of Eurodollar + 1.45% with a maturity date in September 2003 and was pre-payable at any time prior to its maturity without a prepayment penalty. On January 17, 2003, the Company repaid the remaining balance outstanding under the

Unsecured Bridge Loan totaling approximately $105.7 million and has no ability to borrow additional funds under the Unsecured Bridge Loan.

On January 17, 2003, the Company extended its $605.0 million unsecured revolving credit facility (the "Unsecured Line of Credit") for a three year term expiring on January 17, 2006 with a provision for a one year extension at the option of the Company, subject to certain conditions. Outstanding balances under the Unsecured Line of Credit bear interest at a variable rate of Eurodollar + 0.70%. In addition, a facility fee equal to 20 basis points per annum is payable on a quarterly basis. The interest rate and facility fee are subject to adjustment in the event of a change in the Operating Partnership's unsecured debt ratings. The Unsecured Line of Credit contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loan advances to the Company at a reduced Eurodollar rate. At June 30, 2003, there were no amounts outstanding under the Unsecured Line of Credit.

The terms of the Unsecured Line of Credit require that the Company maintain a number of customary financial and other covenants on an ongoing basis, including: (1) an unsecured loan-to-value ratio against our total borrowing base not to exceed 60%, unless our leverage ratio exceeds 60%, in which case it is not to exceed 55%, (2) a secured debt leverage ratio not to exceed 55%, (3) a debt service coverage ratio of at least 1.40 for our borrowing base properties, (4) a fixed charge coverage ratio of at least 1.30 and a debt service coverage ratio of at least 1.50, (5) a leverage ratio not to exceed 60%, however for five consecutive quarters (not including the two quarters prior to expiration) the leverage ratio can go to 65%, (6) limitations on additional indebtedness and stockholder distributions, and (7) a minimum net worth requirement. As of June 30, 2003, the Company was in compliance with each of these financial and other covenant requirements.

8. Commitments and Contingencies

General

The Company has letter of credit and performance obligations of approximately $20.2 million related to certain development and lender requirements.

The Company has certain indebtedness guarantee obligations with lenders primarily related to rent shortfalls and re-tenanting costs for certain properties. At June 30, 2003, the Company had a guarantee obligation outstanding totaling approximately $1.4 million related to the re-tenanting of a joint venture property.

The Company's joint venture agreements generally include provisions whereby each partner has the right to initiate a purchase or sale of its interest in the joint ventures. Under these provisions, the Company is not compelled to purchase the interest of its outside joint venture partners.

Because the Company is organized as a limited partnership, it is generally not subject to federal income taxes, but is subject to certain state and local taxes. In the normal course of business, certain entities through which the Company owns real estate either have undergone, or are currently undergoing, tax audits. Although the Company believes that it has substantial arguments in favor of its positions in the ongoing audits, in some instances there is no controlling precedent or interpretive guidance on the specific point at issue. Collectively, tax deficiency notices to date from the jurisdictions conducting the ongoing audits have not been material. However, there can be no assurance that future

audits will not occur with increased frequency or that the ultimate result of such audits will not have a material effect on the Company's result of operations.

Insurance

The Company carries insurance coverage on its properties of types and in amounts that the Company believes are in line with coverage customarily obtained by owners of similar properties. In response to the uncertainty in the insurance market following the terrorist attacks of September 11, 2001, the federal Terrorism Risk Insurance Act was enacted in November 2002 to require regulated insurers to make available coverage for certified acts of terrorism (as defined by the statute) under property insurance policies. On March 1, 2003 the Company renewed its "all risk" property insurance program which includes coverage for acts of terrorism (as defined by the statute) on an occurrence basis up to its policy limits, which the Company considers commercially reasonable. The Company continues to monitor the state of the insurance market in general, and the scope and cost of coverage for acts of terrorism in particular, but the Company cannot anticipate what coverage will be available on commercially reasonable terms in future policy years.

The Company carries earthquake insurance on its properties located in areas known to be subject to earthquakes in an amount and subject to deductibles and self-insurance that the Company believes are commercially reasonable. However, the amount of the Company's earthquake insurance coverage may not be sufficient to cover losses from earthquakes. As a result of increased costs of coverage and decreased availability, the amount of third party earthquake insurance the Company may be able to purchase in the marketplace upon commercially reasonable terms has been reduced. In addition, the Company may discontinue earthquake insurance on some or all of its properties in the future if the premiums exceed the Company's estimation of the value of the coverage.

In January 2002, the Company formed a wholly-owned insurance subsidiary, IXP, Inc. ("IXP"), to act as a captive insurance company and be one of the elements of its overall insurance program. IXP acts as a primary carrier with respect to a portion of the Company's earthquake insurance coverage for our Greater San Francisco properties. Insofar as the Company owns IXP, the Company is responsible for its liquidity and capital resources, and the accounts of IXP are part of the Company's consolidated financial statements. If the Company experiences a loss and IXP is required to pay under its insurance policy, the Company would ultimately record the full amount of the loss. Therefore insurance coverage provided by IXP should not be considered as the equivalent of third party insurance, but rather as a modified form of self-insurance. In the future IXP may provide additional or different coverage, as a reinsurer or a primary insurer, depending on the availability and cost of third party insurance in the marketplace and the level of self insurance that the Company believes is commercially reasonable.

There are other types of losses, such as from wars, acts of bio-terrorism or the presence of mold at the Company's properties, for which the Company cannot obtain insurance at all or at a reasonable cost. With respect to such losses and losses from acts of terrorism, earthquakes or other catastrophic events, if the Company experiences a loss that is uninsured or that exceeds policy limits, the Company could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties. Depending on the specific circumstances of each affected property, it is possible that the Company could be liable for mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect the Company's business and financial condition and results of operations.

9. Redeemable Partnership Units

As of June 30, 2003, redeemable partnership units consisted of 20,382,990 OP Units and 7,769,489 Preferred Units.

During the quarter ended June 30, 2003, the Company delivered a redemption notice for all of its Series One Preferred Units. At June 30, 2003, the Company had 2,368,828 Series One Preferred Units outstanding which would convert into 2,105,625 OP Units. The Series One Preferred Units were converted into OP Units on August 12, 2003.

On May 15, 2003, the Company paid a distribution on 2,372,853 Series One Preferred Units of $0.61625 per unit and paid a distribution on 5,400,661 Series Two Preferred Units of $0.82466 per unit.

On May 8, 2003, Boston Properties, Inc., as general partner of the Company, declared a distribution on the OP Units in the amount of $0.63 per OP Unit payable on July 30, 2003 to OP Unitholders of record on June 30, 2003.

Due to the redemption option and the conversion option existing outside the control of the Company, such OP Units and Preferred Units are not included in Partners' Capital and are reflected in the consolidated balance sheets at an amount equivalent to the value of such units had such units been redeemed at June 30, 2003 and December 31, 2002, respectively. Included in preferred distributions in the consolidated statements of operations is accretion of approximately $1.2 million and $1.4 million for the six months ended June 30, 2003 and 2002, respectively, and $0.6 million and $0.7 million for the three months ended June 30, 2003 and 2002, respectively, which represents the accretion of Preferred Units from the value at issuance to the liquidation value.

10. Partners' Capital

As of June 30, 2003, the Company had 1,266,050 general partner units and 95,762,861 limited partner units outstanding.

11. Discontinued Operations

Effective January 1, 2002, as required, the Company adopted the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which superceded SFAS No. 121. SFAS No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lesser of book value or fair value less cost to sell. SFAS No. 144 retains the requirements of SFAS No. 121 regarding impairment loss recognition and measurement. In addition, it requires that one accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions. The Company sold 875 Third Avenue and the Candler Building during the three months ended March 31, 2003 and has presented these properties as discontinued operations in its statements of operations for the six and three months ended June 30, 2003 and 2002. Additionally, the Company sold Fullerton Square, 7600, 7700 and 7702 Boston Boulevard and 2391 West Winton Avenue during the year ended December 31, 2002, the Company has presented these properties as discontinued operations in its statements of operations for the six and three months ended June 30, 2002. The Company has not included certain properties, which were sold during 2002 and 2003, in its presentation of discontinued operations as the Company continues to provide, for a fee, ongoing property management services. The following table summarizes income from discontinued and the related realized gains on sales of real estate for the six and three months ended June 30, 2003 and 2002:

	For the Six Months Ended June 30,		For the Three Months Ended June 30,	
	2003	2002	2003	2002
	(in thousands)			
Total revenue	$ 4,316	$ 25,113	$ —	$ 12,516
Operating expenses	(1,538)	(8,411)	—	(4,166)
Interest expense	(296)	(5,933)	—	(2,961)
Depreciation and amortization	(127)	(3,040)	—	(1,460)
Income from discontinued operations	$ 2,355	$ 7,729	$ —	$ 3,929
Realized gains on sales of real estate	$ 91,942	$ 7,146	$ —	$ —

12. Earnings Per Common Unit

Earnings per common unit has been computed pursuant to the provisions of SFAS No. 128. The following table provides a reconciliation of both the net income and the number of common units used in the computation of basic earnings per common unit, which utilizes the weighted average number of

common units outstanding without regard to the dilutive potential common units, and diluted earnings per common unit, which utilizes all potentially dilutive units, as applicable.

	For the Three Months Ended June 30, 2003 (in thousands, except for per unit amounts)		
	Income (Numerator)	Units (Denominator)	Per Unit Amount
Basic Earnings:			
Income available to common unitholders before discontinued operations	$ 76,967	116,931	$ 0.66
Discontinued operations	—	—	—
Net income available to common unitholders	76,967	116,931	0.66
Effect of Dilutive Securities:			
Stock Options	—	1,682	(0.01)
Diluted Earnings:			
Net income	$ 76,967	118,613	$ 0.65

For the Three Months Ended June 30, 2002
(in thousands, except for per unit amounts)

	Income (Numerator)	Units (Denominator)	Per Unit Amount
Basic Earnings:			
Income available to common unitholders before discontinued operations	$ 63,276	111,923	$ 0.56
Discontinued operations	3,929	—	0.04
Net income available to common unitholders	67,205	111,923	0.60
Effect of Dilutive Securities:			
Stock Options	—	1,659	(.01)
Diluted Earnings:			
Net income	$ 67,205	113,582	$ 0.59

	For the Six Months Ended June 30, 2003 (in thousands, except for per unit amounts)		
	Income (Numerator)	Units (Denominator)	Per Unit Amount
Basic Earnings:			
Income available to common unitholders before discontinued operations	$ 210,689	116,571	$ 1.81
Discontinued operations	94,297	—	0.81
Net income available to common unitholders	304,986	116,571	2.62
Effect of Dilutive Securities:			
Stock Options	—	1,320	(.03)
Diluted Earnings:			
Net income	$ 304,986	117,891	$ 2.59

	For the Six Months Ended June 30, 2002 (in thousands, except for per unit amounts)		
	Income (Numerator)	Units (Denominator)	Per Unit Amount
Basic Earnings:			
Income available to common shareholders before discontinued operations	$ 120,177	111,599	$ 1.08
Discontinued operations	14,875	—	0.13
Net income available to common unitholders	135,052	111,599	1.21
Effect of Dilutive Securities:			
Stock Options and other	185	1,751	(.02)
Diluted Earnings:			
Net income	$ 135,237	113,350	$ 1.19

13. Segment Information

The Company's segments are based on the Company's method of internal reporting which classifies its operations by both geographic area and property type. The Company's segments by geographic area are Greater Boston, Greater Washington, D.C., Midtown Manhattan, Greater San Francisco, New Jersey and Pennsylvania. Segments by property type include: Class A Office, Office/Technical, Industrial and Hotels.

Asset information by segment is not reported because the Company does not use this measure to assess performance. Therefore, depreciation and amortization expense is not allocated among segments. Interest and other income, development and management services, general and administrative expenses, interest expense, depreciation and amortization expense, net derivative losses, losses from early extinguishment of debt and losses from investments in securities are not included in rental revenue less operating expenses as the internal reporting addresses these items on a corporate level.

Rental revenue less operating expenses is not a measure of operating results or cash flows from operating activities as measured by accounting principles generally accepted in the United States of America, and it is not indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity. All companies may not calculate rental revenue less operating expenses in the same manner. During 2003, the revenue and expenses of the hotel properties have been included in the operations of the Company. During 2002, the operations of the hotel properties were reflected as a net lease payment in rental revenue and real estate tax expense in property operating expenses.

Information by geographic area and property type:

Three months ended June 30, 2003 (dollars in thousands):

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey/ Pennsylvania	Total
Rental Revenue:						
Class A	$ 69,490	$ 46,689	$ 107,779	$ 51,755	$ 17,686	$ 293,399
Office/Technical	2,176	3,442	—	418	—	6,036
Industrial	277	—	—	159	194	630
Hotels	17,213	—	—	—	—	17,213
Total	89,156	50,131	107,779	52,332	17,880	317,278
% of Total	28.10%	15.80%	33.97%	16.49%	5.64%	100.00%
Operating Expenses:						
Class A	24,013	12,477	31,777	19,541	6,424	94,232
Office/Technical	539	699	—	75	—	1,313
Industrial	94	—	—	15	35	144
Hotels	12,258	—	—	—	—	12,258
Total	36,904	13,176	31,777	19,631	6,459	107,947
% of Total	34.19%	12.21%	29.43%	18.19%	5.98%	100.00%
Rental revenue less operating expenses	$ 52,252	$ 36,955	$ 76,002	$ 32,701	$ 11,421	$ 209,331
% of Total	24.96%	17.65%	36.31%	15.62%	5.46%	100.00%

Three months ended June 30, 2002 (dollars in thousands):

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey/ Pennsylvania	Total
Rental Revenue:						
Class A	$ 66,652	$ 55,254	$ 72,172	$ 53,533	$ 16,369	$ 263,980
Office/Technical	2,038	3,795	—	463	—	6,296
Industrial	292	—	—	403	191	886
Hotels	8,141	—	—	—	—	8,141
Total	77,123	59,049	72,172	54,399	16,560	279,303
% of Total	27.61%	21.14%	25.84%	19.48%	5.93%	100.00%
Operating Expenses:						
Class A	23,128	14,961	22,676	18,009	6,517	85,291
Office/Technical	424	703	—	101	—	1,228
Industrial	87	—	—	63	36	186
Hotels	1,819	—	—	—	—	1,819
Total	25,458	15,664	22,676	18,173	6,553	88,524
% of Total	28.76%	17.69%	25.62%	20.53%	7.40%	100.00%
Rental revenue less operating expenses	$ 51,665	$ 43,385	$ 49,496	$ 36,226	$ 10,007	$ 190,779
% of Total	27.08%	22.74%	25.94%	18.99%	5.25%	100.00%

The following is a reconciliation of rental revenue less operating expenses to income before minority interests in property partnerships, income from unconsolidated joint ventures, gains on sales of real estate and other assets, discontinued operations and preferred distributions:

	Three Months Ended June 30,	
	2003	2002

	(in thousands)	
Rental revenue less operating expenses	$ 209,331	$ 190,779
Add:		
Development and management services	5,429	1,710
Interest and other	663	2,310
Less:		
General and administrative	(11,028)	(13,564)
Interest expense	(75,447)	(64,366)
Depreciation and amortization	(50,442)	(42,236)
Net Derivative losses	(991)	(4,826)
Income before minority interests in property partnerships, income from unconsolidated joint ventures, gains on sales of real estate and other assets, discontinued operations and preferred distributions	$ 77,515	$ 69,807

Six months ended June 30, 2003 (dollars in thousands):

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey/ Pennsylvania	Total
Rental Revenue:						
Class A	$ 140,083	$ 94,442	$ 213,351	$ 104,706	$ 35,281	$ 587,863
Office/Technical	4,433	7,127	—	859	—	12,419
Industrial	516	—	—	308	388	1,212
Hotels	30,459	—	—	—	—	30,459
Total	175,491	101,569	213,351	105,873	35,669	631,953
% of Total	27.77%	16.07%	33.77%	16.75%	5.64%	100.00%
Operating Expenses:						
Class A	50,204	26,404	62,645	38,785	13,223	191,261
Office/Technical	1,081	1,921	—	205	—	3,207
Industrial	217	—	—	34	72	323
Hotels	23,429	—	—	—	—	23,429
Total	74,931	28,325	62,645	39,024	13,295	218,220
% of Total	34.34%	12.98%	28.71%	17.88%	6.09%	100.00%
Rental revenue less operating expenses	$ 100,560	$ 73,244	$ 150,706	$ 66,849	$ 22,374	$ 413,733
% of Total	24.31%	17.70%	36.42%	16.16%	5.41%	100.00%

Six months ended June 30, 2002 (dollars in thousands):

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey/ Pennsylvania	Total
Rental Revenue:						
Class A	$ 128,530	$ 109,815	$ 135,388	$ 108,757	$ 33,440	$ 515,930
Office/Technical	4,181	7,127	—	953	—	12,261
Industrial	525	—	—	759	379	1,663
Hotels	12,538	—	—	—	—	12,538
Total	145,774	116,942	135,388	110,469	33,819	542,392
% of Total	26.88%	21.56%	24.95%	20.37%	6.24%	100.00%
Operating Expenses:						
Class A	46,879	29,522	42,802	36,927	12,754	168,884
Office/Technical	836	1,364	—	189	—	2,389
Industrial	170	—	—	120	73	363

Hotels	3,186	—	—	—	—	3,186
Total	51,071	30,886	42,802	37,236	12,827	174,822
% of Total	29.21%	17.67%	24.48%	21.30%	7.34%	100.00%
Rental revenue less operating expenses	$ 94,703	$ 86,056	$ 92,586	$ 73,233	$ 20,992	$ 367,570
% of Total	25.77%	23.41%	25.19%	19.92%	5.71%	100.00%

The following is a reconciliation of rental revenue less operating expenses to income before minority interests in property partnerships, income from unconsolidated joint ventures, gains on sales of real estate and other assets, discontinued operations and preferred distributions:

	Six Months Ended June 30,	
	2003	2002
	(in thousands)	
Rental revenue less operating expenses	$ 413,733	$ 367,570
Add:		
Development and management services	10,019	5,408
Interest and other	1,078	3,582
Less:		
General and administrative	(22,427)	(24,633)
Interest expense	(149,092)	(125,181)
Depreciation and amortization	(100,066)	(83,686)
Net Derivative losses	(1,923)	(5,129)
Loss from early extinguishment of debt	(1,474)	—
Loss on investments in securities	—	(4,297)
Income before minority interests in property partnerships, income from unconsolidated joint ventures, gains on sales of real estate and other assets, discontinued operations and preferred distributions	$ 149,848	$ 133,634

14. Pro Forma Financial Information

The accompanying unaudited pro forma information for the six months ended June 30, 2003 and 2002 is presented as if the acquisition of 399 Park Avenue on September 25, 2002 and the dispositions of Fullerton Square on March 4, 2002, 7600, 7700, and 7702 Boston Boulevard on March 4, 2002, One and Two Independence Square on November 22, 2002, 2391 West Winton on December 2, 2002, the Candler Building on January 28, 2003, 875 Third Avenue on February 4, 2003 and 2300 N Street on March 18, 2003 had occurred prior to January 1, 2002. This pro forma information is based upon the historical consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto.

This unaudited pro forma information does not purport to represent what the actual results of operations of the Company would have been had the above occurred, nor do they purport to predict the results of operations of future periods.

	Six Months Ended June 30,	
Pro Forma	2003	2002
	(in thousands, except for per unit amounts)	
Total revenue	$ 640,114	$ 588,911
Net income available to common unitholders	$ 146,589	$ 134,425
Basic earnings per unit:		
Net income available to common unitholders	$ 1.26	$ 1.20
Weighted average number of common units outstanding	116,571	111,599
Diluted earnings per unit:		
Net income available to common unitholders	$ 1.24	$ 1.19
Weighted average number of common and common equivalent units outstanding	117,891	113,350

15. Related Party Transactions

In April 2003, Mr. Zuckerman, Chairman of the Board of Directors of Boston Properties, Inc., acquired from a third-party investor an office building located at 2400 N Street, N.W. in Washington D.C., in which a company affiliated with Mr. Zuckerman leases 100% of the building. This sales transaction was approved in advance by the independent members of Boston Properties, Inc.'s Board of Directors. The Company has managed this property under a third-party management contract for many years. The Company entered into a contract with Mr. Zuckerman to continue to manage this property on terms comparable with other third-party property management agreements that the Company currently has in place.

16. Recent Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires an entity to record a liability for an obligation associated with the retirement of an asset at the time the liability is incurred by capitalizing the cost as part of the carrying value of the related asset and depreciating it over the remaining useful life of that asset. The standard was effective beginning January 1, 2003. The adoption of SFAS No. 143 did not have a material impact on the Company's results of operations, financial position or liquidity.

In April 2002, the FASB issued SFAS No. 145, which updates, clarifies, and simplifies certain existing accounting pronouncements beginning at various dates in 2002 and 2003. The statement rescinds SFAS No. 4 and SFAS No. 64, which required net gains or losses from the extinguishment of debt to be classified as an extraordinary item in the income statement. The Company anticipates that these gains and losses will no longer be classified as extraordinary as they are not unusual and infrequent in nature. During the six months ended June 30, 2003, the Company recorded a loss from continuing operations of approximately $1.5 million relating to the pre-payment of a loan. The changes

required by SFAS No. 145 are not expected to have a material impact on the Company's financial position or liquidity.

SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" was issued in July 2002 and became effective for us on January 1, 2003. This statement requires a cost associated with an exit or disposal activity, such as the sale or termination of a line of business, the closure of business activities in a particular location, or a change in management structure, to be recorded as a liability at fair value when it becomes probable the cost will be incurred and no future economic benefit will be gained by the company for such termination costs, and costs to consolidate facilities or relocate employees. SFAS No. 146 supersedes EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," which in some cases required certain costs to be recognized before a liability was actually incurred. The adoption of this standard did not have a material impact on the Company's results of operations, financial position, or liquidity.

On April 30, 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies the accounting guidance on (1) derivative instruments (including certain derivative instruments embedded in other contracts) and (2) hedging activities that fall within the scope of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 also amends certain other existing pronouncements, which will result in more consistent reporting of contracts that are derivatives in their entirety or that contain embedded derivatives that warrant separate accounting. SFAS No. 149 is effective (1) for contracts entered into or modified after June 30, 2003, with certain exceptions, and (2) for hedging relationships designated after June 30, 2003. The guidance is to be applied prospectively. The Company does not expect the adoption of SFAS No. 149 to have a material impact on the Company's financial position or results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. In accordance with the standard, financial instruments that embody obligations for the issuer are required to be classified as liabilities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003. The Company is currently assessing the impact of this statement.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This interpretation expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees and requires the guarantor to recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 clarifies the requirements of SFAS No. 5, "Accounting for Contingencies," relating to guarantees. In general, FIN 45 applies to contracts or indemnification agreements that contingently require the guarantor to make payments to the guaranteed party based on changes in an underlying that is related to an asset, liability, or equity security of the guaranteed party. The adoption of FIN 45 did not have a material impact on the Company's results of operations, financial position, or liquidity.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." The objective of this interpretation is to provide guidance on how to

identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. FIN 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. Certain provisions of this interpretation became effective upon issuance. The Company is currently evaluating and assessing the impact of this interpretation.

17. Subsequent Events

On August 5, 2003, the Company acquired the remaining outside interests in its One Freedom Square and Two Freedom Square joint ventures for cash of $36.0 million and the assumption of the outside partner's share of mortgage debt on the properties of approximately $56.4 million and $35.4 million, respectively. Subsequent to the acquisition, the Company repaid in full the mortgage debt on the Two Freedom Square property totaling approximately $70.7 million.

On August 12, 2003, the Company completed the redemption of all of its Series One Preferred Units. The Company converted 2,368,828 Series One Preferred Units into 2,105,625 OP Units.

ITEM 2—Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions which do not relate solely to historical matters are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We caution you that while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- General risks affecting the real estate industry (including, without limitation, the inability to enter into or renew leases on favorable terms, dependence on tenants' financial condition, and competition from other developers, owners and operators of real estate)
- Financing may not be available on favorable terms or at all, and our cash flow from operations and access to attractive capital may be insufficient to fund acquisitions and developments
- We may be unsuccessful in managing changes in our portfolio composition or integrating acquisitions successfully
- Risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits and public opposition to such activities)
- Risks associated with downturns in the national and local economies, increases in interest rates, and volatility in the securities markets
- Risks associated with an increase in the frequency and scope of changes in state and local tax laws and increases in the number of local tax audits
- Costs of compliance with the Americans with Disabilities Act and other similar laws
- Potential liability for uninsured losses and environmental contamination
- Risks associated with our general partner's potential failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended
- Possible adverse changes in tax and environmental laws
- Risks associated with our dependence on key personnel whose continued service is not guaranteed.

The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

We discussed a number of significant trends and specific factors affecting the real estate industry in general and our business in particular in "Management's Discussion and Analysis of Financial Condition and Results of Operations," Items 1 and 2 of our Form 10 under the heading "General." Those trends and factors continue to be relevant to our performance and financial condition.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to use judgment in the application of accounting policies, including making estimates and assumptions. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied resulting in a different presentation of our financial statements. From time to time, we evaluate our estimates and assumptions. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current information. Below is a discussion of accounting policies which we consider critical in that they may require complex judgment in their application or require estimates about matters which are inherently uncertain.

Real Estate

Upon acquisitions of real estate, we assess the fair value of acquired tangible and intangible assets (including land, buildings, tenant improvements, acquired above and below market leases, other identified intangible assets, and the origination cost of acquired in-place leases in accordance with SFAS No. 141) and acquired liabilities, and allocate purchase price based on these assessments, including land at appraised value and buildings at replacement cost. We assess fair value based on estimated cash flow projections that utilize discount and capitalization rates deemed appropriate by management and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known and anticipated trends, and market and economic conditions that may affect the property. Our properties are reviewed for impairment if events or circumstances change indicating that the carrying amount of the assets may not be recoverable. If we incorrectly estimate the values at acquisition or the undiscounted cash flows, initial allocations of purchase price and future impairment charges may be different.

Real estate is stated at depreciated cost. The cost of buildings and improvements includes the purchase price of property, legal fees and acquisition costs. Costs directly related to the development of properties are capitalized. Capitalized development costs include interest, internal wages, property taxes, insurance, and other project costs incurred during the period of development.

We periodically review our properties to determine if our carrying amounts will be recovered from future operating cash flows. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ

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materially from actual results in future periods. Because cash flows on properties considered to be "long-lived assets to be held and used" as defined by SFAS No. 144 are considered on an undiscounted basis to determine whether an asset has been impaired, our established strategy of holding properties over the long term directly decreases the likelihood of recording an impairment loss. If our strategy changes or market conditions otherwise dictate an earlier sale or disposal date, an impairment loss may be recognized. If we determine that impairment has occurred, the affected assets must be reduced to their fair value. No such impairment losses have been recognized to date.

A variety of costs are incurred in the acquisition, development and leasing of our properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgement. Our capitalization policy on our development properties is guided by SFAS No. 34 "Capitalization of Interest Cost" and SFAS No. 67 "Accounting for Costs and the Initial Rental Operations of Real Estate Properties." We cease capitalization when the property is held available for occupancy upon substantial completion of tenant improvements, but no later than one year from the completion of major construction activity.

Investments in Unconsolidated Joint Ventures

We account for our investments in joint ventures under the equity method of accounting as we exercise significant influence, but do not control these entities. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions. Any difference between the carrying amount of these investments on our balance sheet and the underlying equity in net assets is amortized as an adjustment to equity in earnings of unconsolidated joint ventures over 40 years. Under the equity method of accounting, the net equity investment is reflected on our consolidated balance sheets, and our share of net income or loss from the joint ventures is included on our consolidated statements of operations. The joint venture agreements may designate different percentage allocations among the investors for profits and losses; however our recognition of joint venture income or loss generally follows the joint ventures' distribution priorities, which may change upon the achievement of certain investment return thresholds.

We serve as the development manager for the joint ventures currently under development. The profit on development fees received from joint ventures is recognized to the extent attributable to the outside interests in the joint ventures, in addition to internal costs.

Revenue Recognition

Base rental revenue is reported on a straight-line basis over the terms of our respective leases. In accordance with SFAS No. 141, we recognize rental revenue of acquired in-place "above-" and "below-" market leases at their fair value over the terms of the respective leases. Accrued rental income represents rental income recognized in excess of rent payments actually received pursuant to the terms of the individual lease agreements. We maintain an allowance against accrued rental income for future potential tenant credit losses. The credit assessment is based on the estimated accrued rental income that is recoverable over the term of the lease. We also maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required rent payments. The computation of this allowance is based on the tenants' payment history and current credit status, as well as certain industry or geographic specific credit considerations. If our estimates of collectibility differ from the cash received, the timing and amount of our reported revenue could be impacted. The average remaining term of our in-place tenant leases was approximately 7.1 years as of June 30, 2003. The credit risk is mitigated by the high quality of our existing tenant base, review of prospective tenant's risk profile prior to lease execution and continual monitoring of our portfolio to identify potential problem tenants.

Recoveries from tenants consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs are recognized as revenue in the period the expenses are incurred. Tenant reimbursements are recognized and presented in accordance with EITF Issue 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent" ("Issue 99-19"). Issue 99-19 requires that these reimbursements be recorded on a gross basis, as we are generally the primary obligor with respect to purchasing goods and services from third-party suppliers, have discretion in selecting the supplier, and have credit risk.

Our hotel revenues are derived from room rentals and other sources such as charges to guests for long-distance telephone service, fax machine use, movie and vending commissions, meeting and banquet room revenue and laundry services. Hotel revenues are recognized as earned.

Development fees are recognized ratably over the period of development, as earned. Management fees are recognized as revenue as earned.

Gains on sales of real estate are recognized pursuant to the provisions of SFAS No. 66 "Accounting for Sales of Real Estate." The specific timing of the sale is measured against various criteria in SFAS No. 66 related to the terms of the transactions and any continuing involvement in the form of management or financial assistance associated with the properties. If the sales criteria are not met, we defer gain recognition and account for the continued operations of the property by applying the finance, installment or cost recovery methods, as appropriate, until the sales criteria are met.

Depreciation

We compute depreciation and amortization on our properties using the straight-line method based on estimated useful asset lives. In accordance with SFAS No. 141, we allocate the acquisition cost of real estate to land, building, tenant improvements, acquired "above-" and "below-" market leases and the origination cost of acquired in-place leases based on an assessment of their fair value and depreciate or amortize these assets over their useful lives.

Fair Value of Financial Instruments

On a quarterly basis, we calculate the fair value of our mortgage debt notes payable and unsecured senior notes. We discount the spread between the future contractual interest payments and future interest payments on our mortgage debt and unsecured notes based on a current market rate. In determining the current market rate, we add a market spread to the quoted yields on federal government treasury securities with similar maturity dates to our own debt. In addition, we are also required to adjust the carrying values of our derivative contracts on a quarterly basis to their fair values. Because our valuations of our financial instruments are based on these types of estimates, the fair value of our financial instruments may change if our estimates do not prove to be accurate.

Overview

Our highlights of the three months ended June 30, 2003 included the following:

- On May 22, 2003, we completed an offering of $250.0 million aggregate principal amount of our 5.0% senior unsecured notes due June 1, 2015. The notes were priced at 99.329% of their face amount to yield 5.075%.
- We used the net proceeds from our March 18, 2003 offering of $300.0 million of senior unsecured notes and our May 22, 2003 $250.0 million offering to:
  - refinance and pay down our mortgage loan secured by the Five Times Square property in New York City from $376.7 million to $75.4 million;

  - repay the Shaw's Supermarket mortgage loan totaling $21.5 million secured by the property at the Prudential Center in Boston, Massachusetts;
  - repay the mortgage loan totaling $31.0 million secured by the property at 2600 Tower Oaks Boulevard in Rockville Maryland; and
  - acquire the remaining 50% outside interest in One and Two Discovery Square for cash of $18.3 million and the assumption of the outside partner's share of mortgage debt on the property of $32.4 million. We repaid in full the mortgage debt on the property totaling $64.7 million.
- We modified a $62.7 million mortgage loan bearing interest at a fixed rate of 9.646% per annum, which is secured by the Reservoir Place property in Waltham, Massachusetts. In connection with the modification, we made a $9.1 million principal pay-down. The modified mortgage loan totaling $53.6 million bears interest at a fixed rate of 7.0% per annum and matures on July 1, 2009.
- We recognized a gain on sale of $4.1 million related to the transfer of mortgage benefits.
- We placed-in-service our Shaw's Supermarket and our 50% owned Two Freedom Square development projects, consisting of 57,235 and 422,930 net rentable square feet, respectively. Shaw's Supermarket is located in Boston, Massachusetts and Two Freedom Square is located in Reston, VA. As of June 30, 2003, Shaw's was 100% leased and Two Freedom Square was 99% leased.
- On May 8, 2003, Boston Properties, Inc.'s Board of Directors declared a second quarter dividend in the amount of $0.63 per share of Common Stock payable on July 30, 2003 to shareholders of record on June 30, 2003. This represents approximately a 3.3% increase over last quarter's dividend of $0.61 per share.
- We completed our public registration with the Securities and Exchange Commission related to the issuance of our unsecured senior notes.
- We closed the exchange offer relating to our 6.25% senior unsecured notes due January 15, 2013 on June 20, 2003.
- We delivered a redemption notice for all of our Series One Preferred Units. The Series One Preferred Units were converted into OP Units on August 12, 2003.

In addition, in July 2003, we implemented the following corporate governance improvements to address certain current and proposed legal requirements promulgated under the Sarbanes-Oxley Act of 2002:

- The Board of Directors of Boston Properties, Inc. determined that Alan J. Patricof, the Chairman of its Audit Committee, qualifies as an "audit committee financial expert" as such term is defined under Item 401 of Regulation S-K.
- The Audit Committee of Boston Properties, Inc., which is comprised of Alan J. Patricof (Chairman), Lawrence S. Bacow and William M. Daley, adopted, and the Board of Directors ratified, its Audit and Non-Audit Services Pre-Approval Policy, which sets forth the procedures and the conditions pursuant to which permissible services proposed to be performed by our independent public accountants may be pre-approved.

Results of Operations

At June 30, 2003, we owned 139 properties (the "Total Property Portfolio"). As a result of changes within our Total Property Portfolio, the financial data presented below shows significant changes in

revenue and expenses from period-to-period. We do not believe that our period-to-period financial data are comparable. Therefore, the comparison of operating results for the three and six months ended June 30, 2003 and 2002 show separately changes attributable to the properties that were owned by us throughout each period compared (the "Same Property Portfolio") and the changes attributable to the Total Property Portfolio.

Commencing during the third quarter of 2002, we began reporting on a consolidated basis the gross operating revenues and expenses associated with our ownership of the hotels through our taxable REIT subsidiary, whereas in the past, we only reported net lease payments and real estate taxes. The reporting of the hotel operations for the three month period ended June 30, 2003 is not directly comparable to the same period in 2002 and therefore the hotel operating expenses have been netted against hotel revenues for the three month period ended June 30, 2003 (otherwise entitled "Hotel Net Operating Income") to provide a basis of comparison to prior periods.

Comparison of the six months ended June 30, 2003 to the six months ended June 30, 2002.

The table below reflects selected operating information for the Same Property Portfolio and the Total Property Portfolio. The Same Property Portfolio consists of the 122 properties totaling approximately 25.9 million square feet of office space and three hotel properties acquired or placed in service on or prior to January 1, 2002 and owned through June 30, 2003. The Total Property Portfolio includes the effect of the joint venture properties and other office properties either placed in service or acquired after January 1, 2002 or disposed of on or prior to June 30, 2003. Our net property operating margins, defined as (1) rental revenue less operating expenses divided by (2) rental revenue, as a percentage of rental revenue, exclusive of the three hotel properties have ranged between 67% to 70%.

	Same Property Portfolio				Total Portfolio			
	2003	2002	Increase/ (Decrease)	% Change	2003	2002	Increase/ (Decrease)	% Change
Revenue:								
Rental Revenue	$ 463,756	$ 457,963	$ 5,793	1.26%	$ 598,314	$ 528,309	$ 70,005	13.25%
Termination Income	3,180	1,738	1,442	82.97%	3,180	1,738	1,442	82.97%
Development and Management Services	—	—	—	—	10,019	5,408	4,611	85.26%
Interest and Other	—	—	—	—	1,078	3,582	(2,504)	-69.91%
Total Revenue	466,936	459,701	7,235	1.58%	612,591	539,037	73,554	13.65%
Operating Expenses	162,648	157,271	5,377	3.42%	194,791	171,636	23,155	13.49%
Net Operating Income	304,288	302,430	1,858	0.61%	417,800	367,401	50,399	13.72%
Hotel operating revenues less operating expenses	7,030	9,159	(2,129)	-23.24%	7,030	9,159	(2,129)	-23.24%
Expenses:								
General and Administrative	—	—	—	—	22,427	24,633	(2,206)	-8.96%
Interest	—	—	—	—	149,092	125,181	23,911	19.10%
Depreciation and Amortization	72,651	69,458	3,193	4.60%	100,066	83,686	16, 380	19.57%
Net derivative losses	—	—	—	—	1,923	5,129	(3,206)	-62.51%
Loss from early extinguishment of debt	—	—	—	—	1,474	—	1,474	100%
Loss of investment in securities	—	—	—	—	—	4,297	(4,297)	-100%
Total Expenses	72,651	69,458	3,193	4.60%	274,982	242,926	32,056	13.20%
Income before minority interests	$ 238,667	$ 242,131	$ (3,464)	-1.43%	$ 149,848	$ 133,634	$ 16,214	12.13%
Income from unconsolidated joint ventures	$ 3,351	$ 2,607	$ 744	28.54%	$ 4,011	$ 3,341	$ 670	20.05%
Gains on sales of real estate	—	—	—	—	$ 68,990	$ —	$ 68,990	100%
Income from discontinued operations	—	—	—	—	$ 2,355	$ 7,729	$ (5,374)	-69.53%
Gains on sales of real estate from discontinued operations	—	—	—	—	$ 91,942	$ 7,146	$ 84,796	1,186.62%
Preferred distributions	—	—	—	—	$ 12,802	$ 17,981	$ (5,179)	-28.80%

Rental Revenue

The increase in rental revenue of $70.0 million in the Total Portfolio primarily relates to new leases signed and in place in connection with the acquisition of 399 Park Avenue in the third quarter of 2002, the commencement of occupancy and continued lease-up at 111 Huntington Avenue in the fourth quarter of 2001, the placing into service of Five Times Square in the first quarter of 2002, and the purchase of One and Two Discovery Square as of April 1, 2003. These additions to the portfolio increased revenue by approximately $81 million, offset by a decrease of $21 million due to the sale of One and Two Independence Square and 2300 N Street during 2002 and 2003 that have not been classified as discontinued operations due to our continuing involvement in the management of the properties. These increases are offset by decreases in occupancy rates from 95.3% at June 30, 2002 to 92.8% at June 30, 2003, decreased rent on rollovers and new leases.

Termination Income

The increase in termination income for the six months ended June 30, 2003 was primarily related to ten tenants across the portfolio that terminated their leases and made termination payments totaling approximately $3.2 million. This compared to termination income earned during the six months ended June 30, 2002 totaling $1.7 million.

Development and Management Services

The increase in development and management services income of $4.6 million primarily resulted from the recognition of fees in the current year on certain third party development projects as well as management fees related to certain of our other joint ventures which were placed into service in 2002. Development fees increased by $1.8 million on the 90 Church Street project in New York City related to the damages resulting from the events of September 11, 2001, as well as an increase in development fees in Washington DC on the National Institute of Health for $1 million. The remaining increases relate to new management deals as well as an overall increase in the development activity for the six months ended June 30, 2003.

Interest and Other Income

The decrease in interest and other income in the Total Portfolio is a result of less interest earned due to lower interest rates on cash balances during the six months ended June 30, 2003 as compared to the six months ended June 30, 2002. The cash balance at June 30, 2003 totaling $158.6 million is attributed to the proceeds received on May 22, 2003 from our $250 million offering of unsecured senior notes.

Operating Expenses

Property operating expenses (real estate taxes, utilities, insurance, repairs and maintenance, cleaning and other property-related expenses) in the Same Property Portfolio increased during the six months ended June 30, 2003 primarily due to increases in real estate taxes of $3.6 million, or 6.29%, and increases in insurance of $1.2 million, or 23%. The increases in real estate taxes are due to higher property tax assessments and rate increases. Increases in insurance in the Same Property Portfolio and Total Portfolio are related to increases in rates on existing coverage and the purchase of a separate stand-alone terrorism insurance policy. Small increases in the other property operating expenses account for the remaining difference. Additional increases in property operating expenses in the Total Property Portfolio were primarily due to the additions of the Five Times Square, 399 Park Avenue, One and Two Discovery Square, 111 Huntington Avenue properties and other properties that we acquired or placed in service after January 1, 2002. The office leases include reimbursements from tenants for a portion of these operating expenses. The increases were offset by a decrease of $4.7 million related to

One and Two Independence and 2300 N Street which were sold during 2002 and 2003 that have not been classified as discontinued operations due to our continuing involvement in the management of the properties.

Hotel Net Operating Income

Net operating income for the hotel properties decreased by $2.1 million or approximately 23.24% for the six months ended June 30, 2003 compared to the six months ended June 30, 2002. Average occupancy and Revenue per Available Room ("REVPAR") for the hotel properties were 74.0% and $119.46, respectively, for the six months ended June 30, 2003 compared to 78.9% and $138.37, respectively, for the six months ended June 30, 2002. These decreases are due to the general continued downturn in the economy and the resulting effect on business travel and the tourism industry.

Other Expenses

General and administrative expenses in the Total Portfolio decreased during the six months ended June 30, 2003 as compared to the six months ended June 30, 2002 by $2.2 million or 8.96%. A decrease of $2.8 million is related to the write-off of unrecoverable leasing commissions related to our termination of the lease with Arthur Andersen for 620,947 square feet at the Times Square Tower during the second quarter of 2002. In addition, an increase of $0.8 million is attributed to changes in the form of equity-based compensation, as further described below.

In 2003, Boston Properties, Inc. transitioned to using solely restricted stock and/or long term incentive plan units of limited partnership ("LTIP units"), as opposed to stock options and restricted stock, awarded under the 1997 Stock Incentive Plan, as amended and restated on January 24, 2000, as our primary vehicle for employee equity compensation. Employees vest in restricted stock and LTIP units over a five-year term. Restricted stock and LTIP units are measured at fair value on the date of grant based on the number of shares or units granted and the price of Boston Properties, Inc.'s Common Stock on the date of grant as quoted on the New York Stock Exchange. Such value is recognized as an expense ratably over the corresponding employee service period. To the extent restricted stock or LTIP units are forfeited prior to vesting, the corresponding previously recognized expense is reversed as an offset to "Stock-based compensation." Stock-based compensation expense associated with restricted stock was $1.3 million during the six months ended June 30, 2003. Stock-based compensation associated with $6.1 million of restricted stock which was granted in January 2003 will be incurred as such restricted stock vests ratably over the five-year vesting period.

Interest expense for the Total Portfolio increased as a result of having a higher average outstanding debt balance as compared to the prior period, replacement of variable rate debt with higher rate fixed debt and a decrease in the amount of capitalized interest. This was primarily due to placing into service and cessation of interest capitalization on Five Times Square, 111 Huntington Avenue, Two Freedom Square, Shaw's Supermarket and 611 Gateway and the issuance of $1.5 billion of fixed rate unsecured senior notes. Our total debt outstanding at June 30, 2003 was approximately $4.8 billion, compared to $4.4 billion at June 30, 2002. In addition, our weighted-average interest rates increased slightly from the previous period from 6.48% at June 30, 2002 to 6.50% at June 30, 2003. As a result of replacing variable rate debt with fixed rate debt, our weighted-average interest rates and interest expense on a quarter to quarter basis will increase in future periods.

Costs directly related to the development of rental properties are capitalized. Capitalized development costs include interest, wages, property taxes, insurance and other project costs incurred during the period of development. Capitalized wages for the six months ended June 30, 2003 and 2002 was $2.5 million. These costs are not included in the general and administrative expenses discussed above. Interest capitalized for the six months ended June 30, 2003 and 2002 was $9.1 million and $13.1 million, respectively. These costs are not included in the interest expense referenced above.

Depreciation and amortization expense for the Total Portfolio increased as a result of the additions of the Five Times Square, 111 Huntington Avenue, 399 Park Avenue and One and Two Discovery Square, and other properties which we acquired or placed in service after January 1, 2002. The increases were offset by decreases related to properties that were sold during 2002 and 2003 that were not classified as discontinued operations.

Net derivative losses for the Total Portfolio represent the mark-to-market of our derivative contracts and payments that were not effective for accounting purposes. During the six months ended June 30, 2003, we paid interest in the amount of $3.8 million related to the difference between actual interest rates and our contracted rate. This was offset by an increase in the fair value of our contracts. The fair value of our derivative contracts is included on our balance sheet at June 30, 2003.

Joint Ventures

The increase in income from unconsolidated joint ventures in the total portfolio is related to developments placed in service for the portfolio through June 30, 2003. One and Two Discovery Square were placed in service during the first and second quarter of 2002, and on April 1, 2003, Two Freedom Square was placed in service. These additions to in service properties increased the income from unconsolidated joint ventures for the six months ended June 30, 2003 as compared to June 30, 2002.

Other

Gains on sales of real estate for the six months ended June 30, 2003 related to the sale of 2300 N Street which was not included in discontinued operations, as we have continuing involvement through a third party property management agreement. In the second quarter, there was a transfer of mortgage benefits, as described in Note 5 to the Consolidated Financial Statements, that resulted in a gain of $4.1 million.

The decrease in income from discontinued operations for the six months ended June 30, 2003 was a result of the discontinued properties being sold during the first quarter of 2003, and therefore, we did not recognize a full quarter of revenues and expenses for the first or second quarter of 2003, compared to 2002. In addition, income from discontinued operations for the six months ended June 30, 2002 included two properties sold during 2002.

Gains on sales of real estate from discontinued operations for the six months ended June 30, 2003 primarily related to the gain recognized on the sale of 875 Third Avenue.

The decrease in our preferred distributions of $5.2 million for the six months ended June 30, 2003 was a result of the conversion of 2.8 million of our preferred units into common units during July 2002.

Comparison of the three months ended June 30, 2003 to the three months ended June 30, 2002.

The table below reflects selected operating information for the Same Property Portfolio and the Total Property Portfolio. The Same Property Portfolio consists of the 125 properties totaling approximately 27.3 million square feet of office space and three hotel properties acquired or placed in service on or prior to January 1, 2002 and owned through June 30, 2003. The Total Property Portfolio includes the effect of the joint venture properties and other office properties either placed in service or acquired after January 1, 2002 or disposed of on or prior to June 30, 2003. Our net property operating margins, defined as (1) rental revenue less operating expenses divided by (2) rental revenue, exclusive of the three hotel properties, have ranged between 67% and 70% from June 30, 2002 through June 30, 2003.

	Same Property Portfolio				Total Portfolio			
	2003	2002	Increase/ (Decrease)	% Change	2003	2002	Increase/ (Decrease)	% Change
Revenue:								
Rental Revenue	$ 248,079	$ 246,120	$ 1,959	0.80%	$ 298,646	$ 270,053	$ 28,593	10.59%
Termination Income	1,419	1,227	192	15.65%	1,419	1,227	192	15.65%
Development and Management Services					5,429	1,710	3,719	217.49%
Interest and Other					663	2,310	(1,647)	-71.30%
Total Revenue	249,498	247,347	2,151	0.87%	306,157	275,300	30,857	11.21%
Operating Expenses	82,788	81,175	1,613	1.99%	95,689	86,705	8,984	10.36%
Net Operating Income	166,710	166,172	538	0.32%	210,468	188,595	21,873	11.6%
Hotel operating revenues less operating expenses	4,955	6,204	(1,249)	-20.13%	4,955	6,204	(1,249)	-20.13%
Expenses:								
General and Administrative	—	—	—	—	11,028	13,564	(2,536)	-18.70%

Interest	—	—	—	—	75,447	64,366	11,081	17.22%
Depreciation and Amortization	39,559	37,258	2,301	6.18%	50,442	42,236	8,206	19.43%
Net derivative losses	—	—	—	—	991	4,826	(3,835)	-79.47%
Loss from early extinguishment of debt	—	—	—	—	—	—	—	—
Loss of investment in securities	—	—	—	—	—	—	—	—
Total Expenses	39,559	37,258	2,301	6.18%	137,908	124,992	12,916	10.33%
Income before minority interests	132,106	$ 135,118	$ (3,012)	-2.22%	$ 77,515	$ 69,807	$ 7,708	11.04%
Income from unconsolidated joint ventures	$ 1,353	$ 1,208	$ 145	12.00%	$ 1,353	$ 1,659	$ (306)	-18.44%
Gains on sales of real estate					$ 4,296	$ —	$ 4,296	100%
Income from discontinued operations					$ —	$ 3,929	$ (3,929)	-100%
Preferred distributions					$ 6,442	$ 8,902	$ (2,460)	-27.63%

Rental Revenue

The increase in rental revenue of $28.6 million in the Total Portfolio primarily relates to new leases signed and in place in connection the acquisition of 399 Park Avenue in the third quarter of 2002, the commencement of occupancy and continued lease-up at 111 Huntington Avenue in the fourth quarter of 2001, the placing into service of Five Times Square in the first quarter of 2002 and the purchase of One and Two Discovery Square as of April 1, 2003. These additions to the portfolio increased revenue by approximately $38 million, offset by a decrease of $12 million due to the sale of One and Two Independence Square and 2300 N Street during 2002 and 2003 that have not been classified as discontinued operations due to our continuing involvement in the management of the

properties. These increases are offset by decreases in occupancy rates from 95.3% at June 30, 2002 to 92.8% at June 30, 2003, decreased rent on rollovers and new leases.

Termination Income

The increase in termination income for the three months ended June 30, 2003 was primarily related to five tenants across the portfolio that terminated their leases and made termination payments totaling approximately $1.4 million. This compared to termination income earned during the three months ended June 30, 2002 totaling $1.2 million.

Development and Management Services

The increase in development and management services income of $3.7 million primarily resulted from the recognition of fees in the current year on third party development projects as well as fees related to certain of our other joint ventures which were placed into service in 2002. Development fees increased by $1.8 million on the 90 Church Street project in New York City related to the damages resulting from the events of September 11, 2001. The remaining increases relate to new management deals as well as an overall increase in the development activity for the three months ended June 30, 2003.

Interest and Other Income

The decrease in interest and other income in the Total Portfolio is a result of less interest earned due to lower interest rates on cash balances during the three months ended June 30, 2003 as compared to the three months ended June 30, 2002. The cash balance at June 30, 2003 totaling $158.6 million is attributed to proceeds received on May 22, 2003 from our $250 million offering of unsecured senior notes.

Operating Expenses

Property operating expenses (real estate taxes, utilities, insurance, repairs and maintenance, cleaning and other property-related expenses) in the Same Property Portfolio increased during the three months ended June 30, 2003 primarily due to increases in real estate taxes of $2.4 million, or 8%, and increases in insurance of $0.8 million, or 38%. The increase in real estate taxes are due to higher property tax assessments and rate increases. Small increases in the other property operating expenses account for the remaining difference. Increases in insurance in the Same Property Portfolio and Total Portfolio are related to increases in rates on existing coverage and the purchase of a separate stand-alone terrorism insurance policy. The increase to the Same Property Portfolio was offset by a decrease in operating expenses for the three months ended June 30, 2003, attributed to a decrease in overall occupancy. Increases in Total Portfolio were offset by a decrease of $2.8 million related to One and Two Independence Square and 2300 N Street which were sold during 2002 and 2003 that have not been classified as discontinued operations due to our continuing involvement in the management of the properties. Additional increases in property operating expenses in the Total Property Portfolio were primarily due to the additions of 399 Park Avenue, One and Two Discovery Square, 111 Huntington Avenue properties and other properties that we acquired or placed in service after April 1, 2002. The office leases include reimbursements from tenants for a portion of these operating expenses.

Hotel Net Operating Income

Net operating income for the hotel properties decreased by $1.2 million or approximately 20.13% for the three months ended June 30, 2003 compared to the three months ended June 30, 2002. Average occupancy and Revenue per Available Room ("REVPAR") for the hotel properties were 79.8% and $138.95, respectively, for the three months ended June 30, 2003 compared to 85.1% and $161.55, respectively, for the three months ended June 30, 2002. These decreases are due to the general continued downturn in the economy and the resulting effect on business travel and the tourism industry.

Other Expenses

General and administrative expenses in the Total Portfolio decreased during the three months ended June 30, 2003 as compared to the three months ended June 30, 2002 by $2.5 million or 18.7%. A decrease of $2.8 million is related to the write-off of unrecoverable leasing commissions related to our termination of the lease with Arthur Andersen for 620,947 square feet at the Times Square Tower during the second quarter of 2002. In addition, an increase of $0.5 million is attributed to changes in the form of equity-based compensation, as further described below.

In 2003, Boston Properties, Inc. transitioned to using solely restricted stock and/or long term incentive plan units of limited partnership ("LTIP units"), as opposed to stock options and restricted stock, awarded under the 1997 Stock Incentive Plan, as amended and restated on January 24, 2000, as our primary vehicle for employee equity compensation. Employees vest in restricted stock and LTIP units over a five-year term. Restricted stock and LTIP units are measured at fair value on the date of grant based on the number of shares or units granted and the price of Boston Properties, Inc.'s Common Stock on the date of grant as quoted on the New York Stock Exchange. Such value is recognized as an expense ratably over the corresponding employee service period. To the extent restricted stock or LTIP units are forfeited prior to vesting, the corresponding previously recognized expense is reversed as an offset to "Stock-based compensation." Stock-based compensation expense associated with restricted stock was $0.7 million during the three months ended June 30, 2003. Stock-based compensation associated with $6.1 million of restricted stock which was granted in January 2003 will be incurred as such restricted stock vests ratably over the five-year vesting period.

Interest expense for the Total Portfolio increased as a result of having a higher average outstanding debt balance as compared to the prior period, replacement of variable rate debt with higher rate fixed debt and a decrease of interest capitalization. This was primarily due to placing into service and cessation of interest capitalization on Five Times Square, 111 Huntington Avenue, Two Freedom Square and 611 Gateway and the issuance of $1.5 billion of fixed rate unsecured senior notes. Our total debt outstanding at June 30, 2003 was approximately $4.8 billion, compared to $4.4 billion at June 30, 2002. In addition, our weighted-average interest rates increased slightly from the previous period from 6.48% at June 30, 2002 to 6.50% at June 30, 2003. As a result of replacing variable rate debt with fixed rate debt, our weighted average interest rates and interest expense on a quarter to quarter basis will increase in future periods.

Costs directly related to the development of rental properties are capitalized. Capitalized development costs include interest, wages, property taxes, insurance and other project costs incurred during the period of development. Capitalized wages for the three months ended June 30, 2003 and 2002 were $1.3 million and $1.2 million, respectively. These costs are not included in the general and administrative expenses discussed above. Interest capitalized for the three months ended June 30, 2003 and 2002 was $4.6 million and $5.3 million, respectively. These costs are not included in the interest expense referenced above.

Depreciation and amortization expense for the Total Portfolio increased as a result of the additions of 399 Park Avenue, Shaw's Supermarket, One and Two Discovery Square, and other properties which we acquired or placed in service after April 1, 2002. The increases were offset by decreases related to properties that were sold during 2002 and 2003 that were not classified as discontinued operations.

Net derivative losses for the Total Portfolio represent the mark-to-market of our derivative contracts and payments that were not effective for accounting purposes. During the three months ended June 30, 2003, we paid interest in the amount of $2 million related to the difference between

actual interest rates and our contracted rate. This was offset by an increase in the fair value of our contracts. The fair value of our derivative contracts is included on our balance sheet at June 30, 2003.

Joint Ventures

The decrease in income from unconsolidated joint ventures in the total portfolio is related to the purchase of One and Two Discovery Square. On April 1, 2003, we acquired the remaining 50% outside interest in our One and Two Discovery Square joint venture for cash of $18.3 million and the assumption of the mortgage debt. Subsequent to the acquisition, we repaid in full the mortgage debt on the property totaling $64.7 million.

Other

Gains on sales of real estate for the three months ended June 30, 2003 related to the transfer of mortgage benefits, as described in Note 5 to the Consolidated Financial Statements, that resulted in a gain of $4.1 million, as well as a gain on the sale of Prudential Center garage spaces of $0.2 million.

The decrease in income from discontinued operations for the three months ended June 30, 2003 was a result of the discontinued properties being sold prior to the second quarter of 2003, and therefore, we did not recognize a full quarter of revenues and expenses as we did in the prior period.

The decrease in our preferred distributions of $2.5 million for the three months ended June 30, 2003 was a result of the conversion of 2.8 million of our preferred units into common units during July 2002.

Liquidity and Capital Resources

The following summary discussion of our cash flows is based on the Consolidated Statements of Cash Flows included in Item 1. "Consolidated Financial Statements" and only includes a discussion of material aspects of our liquidity position and commitments for capital expenditures for the periods presented.

Cash Flows

	Six months ended June 30,		
Summary Statements of Cash Flows	**2003**	**2002**	**$ Change**

		(in thousands)	
Cash Provided by Operating Activities	$ 249,843	$ 199,268	$ 50,575
Cash Provided by (Used in) Investing Activities	$ 383,919	$ (173,583)	$ 557,502
Cash Used in Financing Activities	$ (530,450)	$ (42,112)	$ (488,338)

Our principal source of cash flow is the operation and sales of our office properties and proceeds from secured and unsecured borrowings. The average term of tenant leases is approximately 7.1 years with occupancy rates historically in the range of 93% to 98%. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and to fund quarterly dividend and distribution payment requirements.

Cash provided by operating activities is impacted by property operations. The average term of tenant leases and portfolio occupancy in the range 93% to 98% have minimized variations in operating cash flow during the respective six-month periods.

Cash provided by investing activities for the six months ended June 30, 2003 is comprised of the following:

	(in thousands)
Proceeds from the sales of real estate	$ 524,264
The cash provided by investing is partially offset by:	
Investments in unconsolidated joint ventures	(770)
Recurring capital expenditures	(6,686)
Planned non-recurring capital expenditures associated with acquisition properties	(2,920)
Hotel improvements, equipment upgrades and replacements	(1,316)
Acquisitions/Additions to real estate	(128,653)
Net cash provided by investing activities	$ 383,919

Cash used in financing activities for the six months ended June 30, 2003 is attributable to**:**

	(in thousands)
Net repayments of secured mortgage financing	$ (907,302)
Distributions	(153,792)
Repayment of the Unsecured Bridge Loan	(105,683)
Mortgage financing placed in escrow	(75,385)
Net repayments of the Unsecured Line of Credit	(27,043)
Payment of deferred financing costs	(10,354)
The cash used in financing activities is partially offset by:	
Proceeds from Unsecured Senior Notes	722,602
Partner contributions	26,507
Net cash used in financing activities	$ (530,450)

General

We believe that our estimated cash flows and available sources of liquidity will be adequate to meet liquidity needs for the next twelve months. We believe that our principal liquidity needs for the next twelve months are to fund normal recurring expenses, debt service requirements, including the repayment or refinancing of certain loans that mature within the twelve month period, current development costs not covered under construction loans and the minimum distribution required to maintain Boston Properties, Inc.'s REIT qualification under the Internal Revenue Code of 1986, as amended. We believe that these needs will be fully funded from cash flows provided by operating and financing activities.

We expect to meet liquidity requirements for periods beyond twelve months for the costs of development, property acquisitions, scheduled debt maturities, major renovations, expansions and other non-recurring capital improvements through construction loans, the incurrence of long-term secured and unsecured indebtedness, income from operations and sales of real estate and possibly the issuance of additional OP Units and Preferred Units and/or equity securities of Boston Properties, Inc. In addition, we may finance the development, redevelopment or acquisition of additional properties by using our unsecured revolving line of credit or other short term bridge facilities.

Rental revenue, recovery income from tenants, and other income from operations are our principal sources of capital used to pay operating expenses, debt service and recurring capital expenditures. We seek to increase income from our existing properties by maintaining quality standards for our properties that promote high occupancy rates and permit increases in rental rates while reducing tenant turnover and controlling operating expenses. Our sources of revenue also include third party fees

generated by our office and industrial real estate management, leasing, development and construction businesses. Consequently, we believe our revenue, together with proceeds from financing activities, will continue to provide the necessary funds for operating expenses, debt service and recurring capital expenditures. However, material changes in these factors may adversely affect our net cash flows. Such changes, in turn, would adversely affect our ability to fund distributions, debt service payments, capital improvements and non-revenue enhancing tenant improvements. In addition, a material adverse change in our cash provided by operations may affect the financial performance covenants under our unsecured line of credit and unsecured senior notes.

Based on leases in place at June 30, 2003, leases with respect to 2.49% of the square feet of our in-service Class A office space will expire in the remainder of 2003. While we are working to retain our current tenants in situations that are beneficial to them, challenging conditions over the past year, including more sublet space available and decreasing rental rates across the portfolio make it difficult to predict what future changes may be and how they will effect our re-leasing efforts. While we are optimistic that market conditions will not deteriorate further, we do not expect to see any meaningful improvement for the balance of 2003 and well into 2004.

Capitalization

Debt to total market capitalization ratio, defined as total consolidated debt as a percentage of the market value of our outstanding equity securities plus our total consolidated debt, is a measure of leverage commonly used by analysts in the REIT sector. Our total market capitalization was approximately $10.4 billion at June 30, 2003. Total market capitalization was calculated using the June 30, 2003 Boston Properties, Inc. closing stock price of $43.80 per common share and the following: (1) the actual aggregate number of outstanding common units, including those held by Boston Properties, Inc., (2) the number of common units issuable upon conversion of our preferred partnership units, and (3) our consolidated debt totaling approximately $4.8 billion. Our total consolidated debt at June 30, 2003 represented approximately 46.5% of our total market capitalization. This percentage will fluctuate with changes in the market price of Boston Properties, Inc.'s common stock and does not necessarily reflect our capacity to incur additional debt to finance our activities or our ability to manage our existing debt obligations. However, for a company like ours, whose assets are primarily income-producing real estate, the debt to total market capitalization ratio may provide investors with an alternate indication of leverage, so long as it is evaluated along with other financial ratios and the various components of our outstanding indebtedness.

Debt

At June 30, 2003, our total consolidated debt was approximately $4.8 billion. The weighted-average annual interest rate on our consolidated indebtedness was 6.50% and the weighted-average maturity was approximately 7 years. During the quarter we took the opportunity to further lock in long term fixed rate debt and on May 22, 2003 we issued an additional $250 million aggregate principal amount of our unsecured senior notes due 2015 to yield 5.075%. Our floating rate debt now consists almost entirely of our construction loans on Times Square Tower and New Dominion Two ($308 million) and our Joint Venture debt on Two Freedom Square and 265 Franklin Street. Floating rate debt now encompasses only 6.4% of our total debt. We refinanced $430 million of short term floating rate debt and ended the quarter with a cash balance of $159 million.

Unsecured Senior Notes

During 2002, we completed an unregistered offering of $750 million in aggregate principal amount of our 6.25% senior unsecured notes due January 15, 2013. The notes were only offered to qualified institutional buyers in the United States in reliance on Rule 144A under the Securities Act and to certain institutional investors outside of the United States in reliance on Regulation S under the

Securities Act. The notes were priced at 99.65% of their principal amount to yield 6.296%. We used the net proceeds to pay down our unsecured bridge loan incurred in connection with the acquisition of 399 Park Avenue.

On January 17, 2003, we completed an unregistered offering to qualified institutional buyers in reliance on Rule 144A under the Securities Act of an additional $175 million aggregate principal amount of our 6.25% senior unsecured notes due January 15, 2013. The notes were priced at 99.763% of their principal amount to yield 6.28%. The additional notes are fungible, and form a single series, with the senior notes issued in December 2002. We used the net proceeds to repay the remaining balance of our unsecured bridge loan totaling approximately $105.7 million and to repay certain construction loans maturing in 2003 totaling approximately $60.0 million.

On March 18, 2003, we completed an unregistered offering to qualified institutional buyers in reliance on Rule 144A under the Securities Act of $300.0 million in aggregate principal amount of our 5.625% senior unsecured notes due April 15, 2015. The notes were priced at 99.898% of their principal amount to yield 5.636%. We used the net proceeds to refinance the mortgage debt on Five Times Square and for other general business purposes.

On May 22, 2003, we completed an unregistered offering to qualified institutional buyers in reliance on Rule 144A under the Securities Act of $250.0 million in aggregate principal amount of our 5.0% senior unsecured notes due June 1, 2015. The notes were priced at 99.329% of their principal amount to yield 5.075%. We used the net proceeds to repay the mortgage loan secured by the property at 2600 Tower Oaks Boulevard in Maryland, repay in full the unsecured line of credit and for other general business purposes.

Our unsecured senior notes are redeemable at our option, in whole or in part, at a redemption price equal to the greater of (i) 100% of their principal amount or (ii) the sum of the present value of the remaining scheduled payments of principal and interest discounted at a rate equal to the yield on U.S. Treasury securities with a comparable maturity plus 35 basis points, in each case plus accrued and unpaid interest to the redemption date. The indenture under which our senior unsecured notes were issued contains restrictions on incurring debt and using our assets as security in other financing transactions that result in the non-compliance with certain customary financial covenants, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 50%, (3) an interest coverage ratio of greater than 1.5, and (4) unencumbered asset value of greater than 150% of our unsecured debt. As of June 30, 2003, we were in compliance with each of these financial restrictions and requirements.

Under registration rights agreements with the initial purchasers of our senior unsecured notes, we agreed to use our reasonable best efforts to register with the SEC offers to exchange new notes issued by us, which we refer to as "exchange notes," for the original notes. The exchange notes will be in the same aggregate principal amount as and have terms substantially identical to the original notes, but the exchange notes will be freely tradable by the holders, while the original notes are subject to resale restrictions. The exchange offers have not and will not generate any cash proceeds for us. The following is a summary of the status of the exchange offers.

- We closed the exchange offer relating to the 6.25% senior unsecured notes due January 15, 2013 on June 20, 2003.

- With respect to the 5.625% senior unsecured notes due April 15, 2015, we filed the exchange offer registration statement on June 13, 2003. If we are unable to complete the registered exchange offer by October 14, 2003, we will be obligated to pay additional interest on the notes until the exchange offer is completed or a "shelf" registration statement covering the resale of the original notes by their holders is declared effective.

- With respect to the 5.00% senior unsecured notes due June 1, 2015, we filed the exchange offer registration statement on June 13, 2003. If we are unable to complete the registered exchange offer by December 18, 2003, we will be obligated to pay additional interest on the notes until the exchange offer is completed or a "shelf" registration statement covering the resale of the original notes by their holders is declared effective.

We currently expect to meet the deadlines for completing the exchange offers relating to the 5.625% and the 5.00% senior unsecured notes.

Unsecured Line of Credit

We utilize our $605.0 million unsecured revolving line of credit principally to fund development of properties, land and property acquisitions, debt refinancings and for working capital purposes. Our unsecured revolving line of credit is a recourse obligation. In January 2003, we extended the maturity date to January 17, 2006 with an additional one-year extension at our option, subject to certain conditions. Outstanding balances under the unsecured revolving line of credit bear interest at a floating rate based on an increase over the Eurodollar rate of 70 basis points or the lender's prime rate, at our option. In addition, a facility fee in the amount of 20 basis points per annum is payable on a quarterly basis. The interest rate and facility fee are subject to adjustment in the event of a change in our unsecured debt ratings. The Unsecured Line of Credit contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loans to us at a reduced Eurodollar rate. As of August 7, 2003, we had $74.0 million outstanding under the Unsecured Line of Credit.

Our ability to borrow under our unsecured revolving line of credit is subject to our compliance with a number of customary financial and other covenants on an ongoing basis, including: (1) an unsecured loan-to-value ratio against our total borrowing base not to exceed 60%, unless our leverage ratio exceeds 60%, in which case it is not to exceed 55%, (2) a secured debt leverage ratio not to exceed 55%, (3) a debt service coverage ratio of at least 1.40 for our borrowing base, (4) a fixed charge coverage ratio of at least 1.30 and a debt service coverage ratio of at least 1.50, (5) a leverage ratio not to exceed 60%, however for five consecutive quarters (not including the two quarters prior to expiration) the leverage ratio can go to 65% (6) limitations on additional indebtedness and stockholder distributions, and (7) a minimum net worth requirement. If we fail to comply with the financial and other covenants in our revolving line of credit, our lender could place us in default and accelerate the payment of any amounts then outstanding. As of June 30, 2003, we were in compliance with all of the financial restrictions and requirements.

Mortgage Notes Payable

The following represents the outstanding principal balances due under the first mortgages at June 30, 2003:

Properties	Interest Rate(1)	Principal Amount (in thousands)	Maturity Date
Citigroup Center	7.19%	$ 513,849	May 11, 2011
Embarcadero Center One, Two and Federal Reserve	6.70%	302,522	December 10, 2008
Times Square Tower	2.98%	287,811(2)	November 29, 2004
Prudential Center	6.72%	282,250	July 1, 2008
280 Park Avenue	7.64%	263,821	February 1, 2011
599 Lexington Avenue	7.00%	225,000(3)	July 19, 2005
Embarcadero Center Four	6.79%	147,131	February 1, 2008
Embarcadero Center Three	6.40%	141,374	January 1, 2007
Riverfront Plaza	6.61%	109,572	February 1, 2008
Democracy Center	7.05%	103,401	April 1, 2009
Embarcadero Center West Tower	6.50%	94,347	January 1, 2006
601 and 651 Gateway Boulevard	8.40%	88,081	October 1, 2010
100 East Pratt Street	6.73%	87,743	November 1, 2008
Reservoir Place	5.82%	56,667(4)	July 1, 2009
One and Two Reston Overlook	7.45%	66,324	August 31, 2004
202, 206 & 214 Carnegie Center	8.13%	61,534	October 1, 2010
New Dominion Tech. Park, Bldg. One	7.70%	57,490	January 15, 2021
Capital Gallery	8.24%	54,239	August 16, 2006
504, 506 & 508 Carnegie Center	7.39%	46,138	January 1, 2008
10 and 20 Burlington Mall Road	7.25%	38,941(5)	October 1, 2011
Ten Cambridge Center	8.27%	34,433	May 1, 2010
1301 New York Avenue	7.14%	29,943(6)	August 15, 2009
Sumner Square	7.35%	29,500	September 1, 2013
Eight Cambridge Center	7.73%	27,236	July 15, 2010
510 Carnegie Center	7.39%	26,436	January 1, 2008
Lockheed Martin Building	6.61%	24,942	June 1, 2008
University Place	6.94%	23,795	August 1, 2021
Reston Corporate Center	6.56%	23,522	May 1, 2008
New Dominion Tech. Park, Bldg. Two	2.58%	20,459(7)	December 19, 2005
NIMA Building	6.51%	20,380	June 1, 2008
Bedford Business Park	8.50%	20,332	December 10, 2008
191 Spring Street	8.50%	19,830	September 1, 2006
101 Carnegie Center	7.66%	7,580	April 1, 2006
Montvale Center	8.59%	7,206	December 1, 2006
Hilltop Business Center	6.81%	5,305	March 1, 2019

Total	$	3,349,134(8)

(1) Some of our mortgage notes and bonds are variable rate and subject to LIBOR and Eurodollar rate contracts. The LIBOR and Eurodollar rates at June 30, 2003 were 1.12% and 1.03%, respectively.

(2) Total construction loan in the amount of $493.5 million at a variable rate of Eurodollar + 1.95%. The maturity date can be extended for one six-month period and two one-year periods, subject to satisfying certain conditions.

(3) At maturity the lender has the option to purchase a 33.33% interest in this property in exchange for the cancellation of the principal balance of $225.0 million.

(4) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The stated principal balance at June 30, 2003 was $53.6 million and the stated interest rate was 7.0%

(5) Includes outstanding indebtedness secured by 91 Hartwell Avenue.

(6) Includes outstanding principal in the amounts of $19.4 million, $7.0 million and $3.5 million which bear interest at fixed rates of 6.70%, 8.54% and 6.75%, respectively.

(7) Total construction loan in the amount of $65.0 million at a variable rate of LIBOR + 1.40%.

(8) Excludes mortgage debt of $75.4 million related to the Five Time Square property, which is cash collateralized. See Note 5 to the Consolidated Financial Statements.

Joint Ventures

As of June 30, 2003, we had investments in seven unconsolidated joint ventures with ownership ranging from 25-51%. We do not have control of these partnerships and therefore, we account for them using the equity method of accounting. At June 30, 2003, our proportionate share of the debt related to these investments is equal to approximately $211.1 million. The table below summarizes the outstanding debt (based on our respective ownership interests) in these joint venture properties at June 30, 2003:

Properties	Interest Rate		Principal Amount (in thousands)	Maturity Date
Metropolitan Square (51%)	8.23%	$	69,482	May 1, 2010
Market Square North (50%)	7.70%		48,247	January 1, 2011
Two Freedom Square (50%)	2.78%(1)(2)		35,323	June 29, 2004
One Freedom Square (25%)	7.75%(2)		18,840	June 30, 2012
265 Franklin Street (35%)	2.62%(1)(3)		18,897	October 1, 2003
140 Kendrick Street (25%)	7.51%		13,990	July 1, 2013
901 New York Avenue (25%)	2.84%(1)		6,298	November 12, 2005
Total	6.44%	$	211,077	

(1) Variable rate debt

(2) On August 5, 2003, we acquired the remaining 50% and 75% outside interest in these joint ventures. In connection with the acquisitions, we assumed the outside partner's share of the mortgage debt of approximately $54.2 million. Subsequent to the acquisition, we repaid in full the mortgage debt totaling $70.7 million on Two Freedom Square.

(3) On July 31, 2003 we extended the maturity date of this loan to October 2004.

State and Local Tax Matters

Because the Company is organized as a limited partnership, it is generally not subject to federal income taxes, but is subject to certain state and local taxes. In the normal course of business, certain entities through which the Company owns real estate either have undergone, or are currently undergoing, tax audits. Although the Company believes that it has substantial arguments in favor of its positions in the ongoing audits, in some instances there is no controlling precedent or interpretive guidance on the specific point at issue. Collectively, tax deficiency notices received to date from the jurisdictions conducting the ongoing audits have not been material. However, there can be no assurance that future audits will not occur with increased frequency or that the ultimate result of such audits will not have a material adverse effect on the Company's results of operations.

Related Party Transactions

In April 2003, Mr. Zuckerman, Chairman of the Board of Directors of Boston Properties, Inc., acquired from a third-party investor an office building located at 2400 N Street, N.W. in Washington, D.C., in which a company affiliated with Mr. Zuckerman leases 100% of the building. This sales transaction was approved in advance by the independent members of Boston Properties, Inc.'s Board of Directors. We have managed this property under a third party management contract for many years.

We entered into a contract with Mr Zuckerman to continue to manage this property on terms comparable with other third-party property management agreements that we currently have in place.

Insurance

We carry insurance coverage on our properties of types and in amounts that we believe are in line with coverage customarily obtained by owners of similar properties. In response to the uncertainty in the insurance market following the terrorist attacks of September 11, 2001, the federal Terrorism Risk Insurance Act was enacted in November 2002 to require regulated insurers to make available coverage for certified acts of terrorism (as defined by the statute) under property insurance policies. On March 1, 2003 we renewed our "all risk" property insurance program which includes coverage for acts of terrorism (as defined by the statute) on an occurrence basis up to our policy limits, which we consider commercially reasonable. We continue to monitor the state of the insurance market in general, and the scope and cost of coverage for acts of terrorism in particular, but we cannot anticipate what coverage will be available on commercially reasonable terms in future policy years.

We carry earthquake insurance on our properties located in areas known to be subject to earthquakes in an amount and subject to deductibles and self-insurance that we believe are commercially reasonable. However, the amount of our earthquake insurance coverage may not be sufficient to cover losses from earthquakes. As a result of increased costs of coverage and decreased availability, the amount of third party earthquake insurance we may be able to purchase in the marketplace upon commercially reasonable terms has been reduced. In addition, we may discontinue earthquake insurance on some or all of our properties in the future if the premiums exceed our estimation of the value of the coverage.

In January 2002, we formed a wholly-owned insurance subsidiary, IXP, Inc. ("IXP"), to act as a captive insurance company and be one of the elements of our overall insurance program. IXP acts as a primary carrier with respect to a portion of our earthquake insurance coverage for our Greater San Francisco properties. Insofar as we own IXP, we are responsible for its liquidity and capital resources, and the accounts of IXP are part of our consolidated financial statements. If we experience a loss and IXP is required to pay under its insurance policy, we would ultimately record the full amount of the loss. Therefore insurance coverage provided by IXP should not be considered as the equivalent of third party insurance, but rather as a modified form of self-insurance. In the future IXP may provide additional or different coverage, as a reinsurer or a primary insurer, depending on the availability and cost of third party insurance in the marketplace and the level of self insurance that we believe is commercially reasonable.

There are other types of losses, such as from wars, acts of bio-terrorism or the presence of mold at our properties, for which we cannot obtain insurance at all or at a reasonable cost. With respect to such losses and losses from acts of terrorism, earthquakes or other catastrophic events, if we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties. Depending on the specific circumstances of each affected property, it is possible that we could be liable for mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect our business and financial condition and results of operations.

Funds from Operations

Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), we calculate Funds from Operations, or "FFO," by adjusting net income (loss) (computed in accordance with GAAP, including non-recurring items), for gains (or losses) from sales of properties, real estate related depreciation and amortization, and after adjustment for unconsolidated partnerships and joint ventures. The use of FFO,

combined with the required primary GAAP presentations, has been fundamentally beneficial, improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. Management generally considers FFO to be a useful measure for reviewing the comparative operating and financial performance of the Company because, by excluding gains and losses related to sales of previously depreciated operating real estate assets and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help one compare the operating performance of a company's real estate between periods or as compared to different companies.

Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. In addition to presenting FFO in accordance with the NAREIT definition, we also disclose FFO after specific supplemental adjustments, including net derivative losses and early surrender lease adjustments. Although our FFO as adjusted clearly differs from NAREIT's definition of FFO, as well as that of other REITs and real estate companies, we believe it provides a meaningful supplemental measure of our operating performance. FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance. FFO does not represent cash generated from operating activities determined in accordance with GAAP and is not a measure of liquidity or an indicator of our ability to make cash distributions. We believe that to further understand our performance, FFO and FFO as adjusted should be compared with our reported net income and considered in addition to cash flows in accordance with GAAP, as presented in our consolidated financial statements.

The following table presents a reconciliation of net income available to common unitholders to Funds from Operations for the three months ended June 30, 2003 and 2002:

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002
	(in thousands)	
Net Income available to common unitholders	$ 76,967	$ 67,205
Add:		
Preferred distributions	6,442	8,902
Less:		
Minority interest in property partnerships	(245)	(712)
Income from unconsolidated joint ventures	(1,353)	(1,659)
Gains on sales of real estate and other assets	(4,296)	—
Income from discontinued operations	—	(3,929)
Income before minority interests and joint venture income	77,515	69,807
Add:		
Real estate depreciation and amortization	52,038	44,932
Income from discontinued operations	—	3,929
Income from unconsolidated joint ventures	1,353	1,659
Less:		
Minority property partnerships' share of Funds from Operations	(842)	(593)
Preferred distributions	(5,852)	(8,223)
Funds from Operations	124,212	111,511
Add:		
Net derivative losses	991	4,826
Early surrender lease payments received—contractual basis	—	3,926
Funds from Operations before net derivative losses and after early surrender lease payments received—contractual basis	$ 125,203	$ 120,263

Reconciliation to Diluted Funds from Operations:

	Three Months Ended June 30, 2003		Three Months Ended June 30, 2002	
	Income (Numerator)	Shares (Denominator)	Income (Numerator)	Shares (Denominator)
	(in thousands)		(in thousands)	
Funds from Operations	$ 125,203	116,931	$ 120,263	111,923
Effect of Dilutive Securities				
Convertible Preferred Units	5,852	9,195	6,580	10,342
Convertible Preferred Stock	—	—	1,643	2,625
Stock Options and other	—	1,682	—	1,659
Diluted Funds from Operations	$ 131,055	127,808	$ 128,486	126,549

Newly Issued Accounting Standards

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires an entity to record a liability for an obligation associated with the retirement of an asset at the time the liability is incurred by capitalizing the cost as part of the carrying value of the related asset and depreciating it over the

remaining useful life of that asset. The standard was effective beginning January 1, 2003. The adoption of SFAS No. 143 did not have a material impact on our results of operations, financial position or liquidity.

In April 2002, the FASB issued SFAS No. 145, which updates, clarifies, and simplifies certain existing accounting pronouncements beginning at various dates in 2002 and 2003. The statement rescinds SFAS 4 and SFAS 64, which required net gains or losses from the extinguishment of debt to be classified as an extraordinary item in the income statement. We anticipate that these gains and losses will no longer be classified as extraordinary as they are not unusual and infrequent in nature. During the six months ended June 30, 2003, we recorded a loss from continuing operations of approximately $1.5 million relating to the pre-payment of a loan. The changes required by SFAS No. 145 are not expected to have a material impact on our financial position or liquidity.

SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," was issued in July 2002 and became effective for us on January 1, 2003. This statement requires a cost associated with an exit or disposal activity, such as the sale or termination of a line of business, the closure of business activities in a particular location, or a change in management structure, to be recorded as a liability at fair value when it becomes probable the cost will be incurred and no future economic benefit will be gained by the company for such termination costs, and costs to consolidate facilities or relocate employees. SFAS No. 146

supersedes EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," which in some cases required certain costs to be recognized before a liability was actually incurred. The adoption of this standard did not have a material impact on our results of operations, financial position, or liquidity.

On April 30, 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS 149 amends and clarifies the accounting guidance on (1) derivative instruments (including certain derivative instruments embedded in other contracts) and (2) hedging activities that fall within the scope of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 also amends certain other existing pronouncements, which will result in more consistent reporting of contracts that are derivatives in their entirety or that contain embedded derivatives that warrant separate accounting. SFAS No. 149 is effective (1) for contracts entered into or modified after June 30, 2003, with certain exceptions, and (2) for hedging relationships designated after June 30, 2003. The guidance is to be applied prospectively. We do not expect the adoption of SFAS No. 149 to have a material impact on our financial position or results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150"). SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. In accordance with the standard, financial instruments that embody obligations for the issuer are required to be classified as liabilities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003. We are currently assessing the impact of this statement.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This interpretation expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees and requires the guarantor to recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 clarifies the requirements of SFAS 5, "Accounting for Contingencies," relating to guarantees. In general, FIN 45 applies to contracts or indemnification agreements that contingently require the guarantor to make payments to the guaranteed party based on changes in an underlying that is related to an asset,

liability, or equity security of the guaranteed party. The adoption of FIN 45 did not have a material impact on our results of operations, financial position, or liquidity.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." The objective of this interpretation is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, noncontrolling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. FIN 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. Certain provisions of this interpretation became effective upon issuance. We are currently evaluating and assessing the impact of this interpretation.

ITEM 3—Quantitative and Qualitative Disclosures about Market Risk

Approximately $4.5 billion of our borrowings bear interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. The following table presents our aggregate fixed rate debt obligations with corresponding weighted-average interest rates sorted by maturity date and our aggregate variable rate debt obligations sorted by maturity date. The interest rate on the variable rate debt as of June 30, 2003 ranged from LIBOR or Eurodollar plus 0.70% to LIBOR or Eurodollar plus 1.95%.

	2003	2004	2005	2006	2007	2008+	Total	Fair Value
Secured debt								
Fixed Rate	$ 22,423	$ 112,861	$ 275,950	$ 223,877	$ 184,204	$ 2,221,549	$ 3,040,864	$ 3,377,626
Average Interest Rate	7.07%	4.19%	6.71%	7.28%	6.59%	7.15%	6.74%	
Variable Rate	—	$ 287,811	$ 20,459	—	—	—	$ 308,270	$ 308,270
Unsecured debt								
Fixed Rate	—	—	—	—	—	$ 1,470,148	$ 1,470,148	$ 1,485,339
Average Interest Rate	—	—	—	—	—	5.95%	5.95%	
Variable Rate	—	—	—	—	—	—	—	—
Total Debt	$ 22,423	$ 400,672	$ 296,409	$ 223,877	$ 184,204	$ 3,691,697	$ 4,819,282	$ 5,171,235

During the three months ended June 30, 2003, we had derivative contracts totaling $150 million. The derivative contracts provide for a fixed interest rate of 6.35% when LIBOR is less than 5.80%, 6.70% when LIBOR is between 6.70% and 7.45%, and 7.50% when LIBOR is between 7.51% and 9.00% for terms remaining of one to three years in accordance with the terms of the individual agreement. In accordance with SFAS No.133, the derivative agreements are reflected at their fair market value, which was a liability of $12.7 million at June 30, 2003.

At June 30, 2003, our variable rate debt outstanding was approximately $308 million. At June 30, 2003, the average interest rate on variable rate debt was approximately 2.95%. If market interest rates on our variable rate debt had been 100 basis points greater, total interest would have increased approximately $1.5 million for the six months ended June 30, 2003.

At June 30, 2002, our variable rate debt outstanding was approximately $989 million. At June 30, 2002, the average interest rate on variable rate debt was approximately 3.70%. If market interest rates on our variable rate debt had been 100 basis points greater, total interest would have increased approximately $4.9 million for the six months ended June 30, 2002.

ITEM 4—Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered by this report, the Company carried out an evaluation under the supervision and with the participation of the management of Boston Properties, Inc., our general partner, including Boston Properties, Inc.'s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, Boston Properties, Inc.'s Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) Changes in Internal Control Over Financial Reporting.

There was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1—Legal Proceedings.

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. The Company does not believe these proceedings and claims will have a material adverse effect on its financial position or results of operations.

ITEM 2—Changes in Securities and Use of Proceeds.

Each time Boston Properties, Inc. issues shares of stock, it contributes the proceeds of such issuance to us in return for an equivalent number of partnership units with rights and preferences analogous to the shares issued. During the second quarter of 2003, in connection with issuances of common stock by Boston Properties, Inc., we issued an aggregate of 1,004,438 OP Units to Boston Properties, Inc. Such units were issued in reliance on an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

ITEM 3—Defaults Upon Senior Securities.

None.

ITEM 4—Submission of Matters to a Vote of Security Holders.

None.

ITEM 5—Other Information.

Not applicable.

ITEM 6—Exhibits and Reports on Form 8-K

(a) Exhibits

4.1 Supplemental Indenture No. 4 dated as of May 22, 2003 by and between Boston Properties Limited Partnership and The Bank of New York, as Trustee, including a form of the 5.00% Senior Note due 2015 (Incorporated by reference to Exhibit 4.2 to Boston Properties Limited Partnership's Form S-4 filed on June 13, 2003).

10.1 Forty-Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership, dated as of April 11, 2003, by Boston Properties, Inc., as general partner.

10.2 Form of Director Long Term Incentive Plan Unit Vesting Agreement under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

On May 14, 2003, the Company and Boston Properties, Inc. jointly filed a Form 8-K with the Securities and Exchange Commission to report under Item 5 the commencement and pricing of an offering of senior unsecured notes by the Company.

On June 13, 2003, the Company filed a Form 8-K with the Securities and Exchange Commission to report under Item 5 a revision of its historical financial statements in connection with the adoption of Statement of Financial Accounting Standards Nos. 144 and 145.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		BOSTON PROPERTIES LIMITED PARTNERSHIP
August 14, 2003	By:	Boston Properties, Inc., its General Partner
	By:	/s/ DOUGLAS T. LINDE
		Douglas T. Linde, Chief Financial Officer (duly authorized officer and principal financial officer)

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EXHIBIT 10.1

BOSTON PROPERTIES LIMITED PARTNERSHIP

Forty-Seventh Amendment to
Agreement of Limited Partnership

This Amendment is made as of April 11, 2003, by BOSTON PROPERTIES, INC., a Delaware corporation, as general partner (the "GENERAL PARTNER" or the "COMPANY"), of BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership (the "PARTNERSHIP"), for the purpose of amending the Second Amended and Restated Agreement of Limited Partnership of the Partnership dated June 29, 1998, as amended (the "PARTNERSHIP AGREEMENT"). All capitalized terms used herein and not defined shall have the respective meanings ascribed to them in the Partnership Agreement.

WHEREAS, Section 14.1.B(3) of the Partnership Agreement permits the General Partner, without the consent of the Limited Partners, to amend the Partnership Agreement for the purpose of setting forth and reflecting in the Partnership Agreement the designations, rights, powers, duties, and preferences of holders of any additional Partnership Interests issued pursuant to Section 4.2.A of the Partnership Agreement; and

WHEREAS, the General Partner desires by this Certificate to so amend the Partnership Agreement as of this 11th day of April, 2003.

WHEREAS, Pursuant to the Boston Properties, Inc. 1997 Stock Option and Incentive Plan, as amended and/or one or more successor or additional equity incentive plans or programs that the Company or the Partnership may adopt after the date hereof, as amended (each individually and all of them collectively, as the context requires, the "Plan"), the General Partner resolved to grant to executives of the Company and its subsidiaries, including the Partnership, Other Stock-Based Awards (as defined in the Plan) which include the issuance to such executives of a Partnership Interest having the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion set forth herein, such Partnership Interest to be expressed as a number of Partnership Units to be referred to as Long Term Incentive Units ("LTIP UNITS").

WHEREAS, the issuance of LTIP Units is permitted by Section 4.2.A of the Partnership Agreement.

NOW, THEREFORE, the General Partner has set forth in this Amendment pursuant to its authority under Sections 4.2A and 5.4 of the Partnership Agreement the following description of the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion of a class and series of Partnership Interest which shall be referred to as "LTIP UNITS":

1. ADDITIONAL DEFINED TERMS. The following additional defined terms shall be inserted in Article 1 of the Partnership Agreement, in alphabetical order:

"ADJUSTMENT EVENT" shall have the meaning set forth in Section 4.2.C hereof.

"COMMON UNIT DISTRIBUTION" shall have the meaning set forth in Section 4.2.C hereof.

"COMMON UNIT ECONOMIC BALANCE" has the meaning set forth in Section 6.1.B(iii).

"CONSTITUENT PERSON" shall have the meaning set forth in Section 8.8.F.

"CONVERSION DATE" shall have the meaning set forth in Section 8.8.B.

"CONVERSION NOTICE" shall have the meaning set forth in Section 8.8.B.

"CONVERSION RIGHT" shall have the meaning set forth in Section 8.8.A.

"DISTRIBUTION PAYMENT DATE" shall mean the dates upon which the General Partner makes distributions in accordance with Section 5.1 of the Partnership Agreement.

"ECONOMIC CAPITAL ACCOUNT BALANCE" has the meaning set forth in Section 6.1.B(iii).

"FORCED CONVERSION" shall have the meaning set forth in Section 8.8.C.

"FORCED CONVERSION NOTICE" shall have the meaning set forth in Section 8.8.C.

"LTIP UNIT" means a Partnership Unit which is designated as an LTIP Unit and which has the rights, preferences and other privileges designated in Section 4.2.C hereof and elsewhere in the Partnership in respect of LTIP Unitholders. The allocation of LTIP Units among the Partners shall be set forth on EXHIBIT A, as may be amended from time to time.

"LTIP UNITHOLDER" means a Partner that holds LTIP Units.

"TRANSACTION" shall have the meaning set forth in Section 8.8.F.

"VESTING AGREEMENT" means each or any, as the context implies, Long Term Incentive Plan (LTIP) Vesting Agreement entered into by a LTIP Unitholder upon acceptance of an award of LTIP Units under the Plan (as such agreement may be amended, modified or supplemented from time to time).

2. ISSUANCE OF LTIP UNITS. The following subsection C shall be appended to Section 4.2 of the Partnership Agreement:

C. The General Partner may from time to time issue LTIP Units to Persons who provide services to the Partnership, for such consideration as the General Partner may determine to be appropriate, and admit such Persons as Limited Partners. Subject to the following provisions of this Section 4.2.C and the special provisions of Sections 6.1.B(iii), 8.8 and 8.9, LTIP Units shall be treated as Common Units, with all of the rights, privileges and obligations attendant thereto. For purposes of computing the Partners' Percentage Interests, holders of LTIP Units shall be treated as Common Unitholders and LTIP Units shall be treated as Common Units. In particular, the Partnership shall maintain at all times a one-to-one correspondence between LTIP Units and Common Units for conversion, distribution and other purposes, including without limitation complying with the following procedures:

(i) If an Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain a one-for-one conversion and economic equivalence ratio between Common Units and LTIP Units. The following shall be "ADJUSTMENT EVENTS": (A) the Partnership makes a distribution on all outstanding Common Units in Partnership Units, (B) the Partnership subdivides the outstanding Common Units into a greater number of units or combines the outstanding Common Units into a smaller number of units, or (C) the Partnership issues any Partnership Units in exchange for its outstanding Common Units by way of a reclassification or recapitalization of its Common Units. If more than one Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business transaction, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan, or (z) the issuance of any Partnership Units to the Company in respect of a capital contribution to the Partnership of proceeds from the sale of securities by the Company. If the Partnership takes an action affecting the Common Units other than actions specifically described above as "Adjustment Events" and in the opinion of the General Partner such action would require an adjustment to the LTIP Units to maintain the one-to-one correspondence described above, the General Partner shall have the right to make such adjustment to the LTIP Units, to the extent permitted by law and by the Plan, in such manner and at such time as the General Partner, in its sole discretion, may determine to be appropriate under the circumstances. If an adjustment is made to the LTIP Units as herein provided the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate,

the Partnership shall mail a notice to each LTIP Unitholder setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment; and

(ii) The LTIP Unitholders shall, in respect of each Distribution Payment Date, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, be entitled to receive distributions in an amount per LTIP Unit equal to the distributions per Common Unit (the "COMMON UNIT DISTRIBUTION"), paid to holders of record on the same record date established by the General Partner with respect to such Distribution Payment Date. The term "NEWLY ISSUED UNIT" as defined in Section 5.1.B shall be deemed to include LTIP Units issued during a Distribution Period and such Section 5.1.B. shall apply in full to LTIP Units. During any Distribution Period, so long as any LTIP Units are outstanding, no distributions (whether in cash or in kind) shall be authorized, declared or paid on Common Units, unless equal distributions have been or contemporaneously are authorized, declared and paid on the LTIP Units for such Distribution Period.

The LTIP Units shall rank PARI PASSU with the Common Units as to the payment of regular and special periodic or other distributions and distribution of assets upon liquidation, dissolution or winding up. As to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, any class or series of Partnership Units or Partnership Interests which by its terms specifies that it shall rank junior to, on a parity with, or senior to the Common Units shall also rank junior to, or PARI PASSU with, or senior to, as the case may be, the LTIP Units. Subject to the terms of any Vesting Agreement, a LTIP Unitholder shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of Common Units are entitled to transfer their Common Units pursuant to Article 11.

LTIP Units shall be subject to the following special provisions:

(i) VESTING AGREEMENTS. LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of a Vesting Agreement. The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Plan, if applicable. LTIP Units that have vested under the terms of a Vesting Agreement are referred to as "VESTED LTIP UNITS"; all other LTIP Units shall be treated as "UNVESTED INCENTIVE UNITS."

(ii) FORFEITURE. Unless otherwise specified in the Vesting Agreement, upon the occurrence of any event specified in a Vesting Agreement as resulting in either the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price or some

other forfeiture of any LTIP Units, then if the Partnership or the General Partner exercises such right to repurchase or forfeiture in accordance with the applicable Vesting Agreement, then the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the Vesting Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Partnership Record Date prior to the effective date of the forfeiture. In connection with any repurchase or forfeiture of LTIP Units, the balance of the portion of the Capital Account of the LTIP Unitholder that is attributable to all of his or her LTIP Units shall be reduced by the amount, if any, by which it exceeds the target balance contemplated by Section 6.1.B(iii), calculated with respect to the LTIP Unitholder's remaining LTIP Units, if any.

(iii) ALLOCATIONS. LTIP Unitholders shall be entitled to certain special allocations of gain under Section 6.1.B(iii).

(iv) REDEMPTION. The Redemption Right provided to Limited Partners under Section 8.6 shall not apply with respect to LTIP Units unless and until they are converted to Common Units as provided in clause (vi) below and Section 8.8.

(v) LEGEND. Any certificate evidencing an LTIP Unit shall bear an appropriate legend indicating that additional terms, conditions and restrictions on transfer, including without limitation any Vesting Agreement, apply to the LTIP Unit.

(vi) CONVERSION TO COMMON UNITS. Vested LTIP Units are eligible to be converted into Common Units under Section 8.8.

(vii) VOTING. LTIP Units shall have the voting rights provided in Section 8.9.

3. SPECIAL ALLOCATION OF GAIN TO LTIP UNITHOLDERS. The following clause (iii) shall be appended to Section 6.1.B of the Partnership Agreement:

(iii) Notwithstanding the provisions of Section 6.1.A above, but subject to the prior allocation of Net Income and gross items of income under clauses (i) and (ii) above, any net capital gains realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership, including but not limited to net capital gain realized in connection with an adjustment to the Carrying Value of Partnership assets under Section 704(b) of the Code, shall first be allocated to the LTIP Unitholders until the Economic Capital Account Balances of such Limited Partners, to the extent attributable to their ownership of LTIP Units, are equal to (i) the Common Unit Economic Balance, multiplied by (ii) the number of their LTIP Units. For this purpose, the

"ECONOMIC CAPITAL ACCOUNT BALANCES" of the LTIP Unitholders will be equal to their Capital Account balances, plus the amount of their shares of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to their ownership of LTIP Units. Similarly, the "COMMON UNIT ECONOMIC BALANCE" shall mean (i) the Capital Account Balance of the Company, plus the amount of the Company's share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the Company's ownership of Common Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under this clause 6.1.B(iii), divided by (ii) the number of the Company's Common Units. Any such allocations shall be made among the LTIP Unitholders in proportion to the amounts required to be allocated to each under this clause 6.1.B(iii). The parties agree that the intent of this clause 6.1.B(iii) is to make the Capital Account balances of the LTIP Unitholders with respect to their LTIP Units economically equivalent to the Capital Account balance of the Company with respect to its Common Units.

4. CONVERSION OF LTIP UNITS. The following Section 8.8 shall be appended to Article 8 of the Partnership Agreement.

Section 8.8 CONVERSION OF LTIP UNITS.

A. A LTIP Unitholder shall have the right (the "CONVERSION RIGHT"), at his or her option, at any time to convert all or a portion of his or her Vested LTIP Units into Common Units; PROVIDED, HOWEVER, that a holder may not exercise the Conversion Right for less than three hundred (300) Vested LTIP Units or, if such holder holds less than one thousand Vested LTIP Units, all of the Vested LTIP Units held by such holder. LTIP Unitholders shall not have the right to convert Unvested Incentive Units into Common Units until they become Vested LTIP Units; PROVIDED, HOWEVER, that when a LTIP Unitholder is notified of the expected occurrence of an event that will cause his or her Unvested Incentive Units to become Vested LTIP Units, such LTIP Unitholder may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting and such Conversion Notice, unless subsequently revoked by the LTIP Unitholder, shall be accepted by the Partnership subject to such condition. The General Partner shall have the right at any time to cause a conversion of

Vested LTIP Units into Common Units. In all cases, the conversion of any LTIP Units into Common Units shall be subject to the conditions and procedures set forth in this Section 8.8.

B. A holder of Vested LTIP Units may convert such Units into an equal number of fully paid and non-assessable Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.2.C. Notwithstanding the foregoing, in no event may a holder of Vested LTIP Units convert a number of Vested LTIP Units that exceeds (x) the Economic Capital Account Balance of such Limited Partner, to the extent attributable to its ownership of LTIP Units,

divided by (y) the Common Unit Economic Balance, in each case as determined as of the effective date of conversion (the "CAPITAL ACCOUNT LIMITATION").

In order to exercise his or her Conversion Right, a LTIP Unitholder shall deliver a notice (a "CONVERSION NOTICE") in the form attached as EXHIBIT A to the Partnership (with a copy to the General Partner) not less than 10 nor more than 60 days prior to a date (the "CONVERSION DATE") specified in such Conversion Notice; PROVIDED, HOWEVER, that if the General Partner has not given to the LTIP Unitholders notice of a proposed or upcoming Transaction (as defined below) at least thirty (30) days prior to the effective date of such Transaction, then LTIP Unitholders shall have the right to deliver a Conversion Notice until the earlier of (x) the tenth (10th) day after such notice from the General Partner of a Transaction or (y) the third business day immediately preceding the effective date of such Transaction. A Conversion Notice shall be provided in the manner provided in Section 15.1. Each LTIP Unitholder covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this Section 8.8A shall be free and clear of all liens. Notwithstanding anything herein to the contrary, a holder of LTIP Units may deliver a Redemption Notice pursuant to Section 8.6A of the Partnership Agreement relating to those Common Units that will be issued to such holder upon conversion of such LTIP Units into Common Units in advance of the Conversion Date; PROVIDED, HOWEVER, that the redemption of such Common Units by the Partnership shall in no event take place until after the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put a LTIP Unitholder in a position where, if he or she so wishes, the Common Units into which his or her Vested LTIP Units will be converted can be redeemed by the Partnership simultaneously with such conversion, with the further consequence that, if the Company elects to assume the Partnership's redemption obligation with respect to such Common Units under Section 8.6B of the Partnership Agreement by delivering to such holder REIT Shares rather than cash, then such holder can have such REIT Shares issued to him or her simultaneously with the conversion of his or her Vested LTIP Units into Common Units. The General Partner shall cooperate with a LTIP Unitholder to coordinate the timing of the different events described in the foregoing sentence.

C. The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units held by a LTIP Unitholder to be converted (a "FORCED CONVERSION") into an equal number of Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.2.C; provided, however, that the Partnership may not cause Forced Conversion of any LTIP Units that would not at the time be eligible for conversion at the option of such LTIP Unitholder pursuant to Section 8.8.B. In order to exercise its right of Forced Conversion, the Partnership shall deliver a notice (a "FORCED CONVERSION NOTICE") in the form attached as EXHIBIT B to the applicable LTIP Unitholder not less than 10 nor more than 60 days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in Section 15.1.

D. A conversion of Vested LTIP Units for which the holder thereof has given a Conversion Notice or the Partnership has given a Forced Conversion Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such LTIP Unitholder, as of which time such LTIP Unitholder shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of Common Units issuable upon such conversion. After the conversion of

LTIP Units as aforesaid, the Partnership shall deliver to such LTIP Unitholder, upon his or her written request, a certificate of the General Partner certifying the number of Common Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The Assignee of any Limited Partner pursuant to Section 11 hereof may exercise the rights of such Limited Partner pursuant to this Section 8.8 and such Limited Partner shall be bound by the exercise of such rights by the Assignee.

E. For purposes of making future allocations under Section 6.1.B(iii) and applying the Capital Account Limitation, the portion of the Economic Capital Account balance of the applicable LTIP Unitholder that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the Common Unit Economic Balance.

F. If the Partnership or the General Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Common Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any transaction which constitutes an Adjustment Event) in each case as a result of which Common Units shall be exchanged for or converted into the right, or the holders of such Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (each of the foregoing being referred to herein as a "Transaction"), then the General Partner shall, immediately prior to the Transaction, exercise its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Partnership were sold at the Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Partnership Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction).

In anticipation of such Forced Conversion and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each LTIP Unitholder to be afforded the right to receive in connection with such Transaction in consideration for the Common Units into which his or her LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such

Transaction by a holder of the same number of Common Units, assuming such holder of Common Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "CONSTITUENT PERSON"), or an affiliate of a Constituent Person. In the event that holders of Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each LTIP Unitholder of such election, and shall use commercially reasonable efforts to afford the LTIP Unitholders the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into Common Units in connection with such Transaction. If a LTIP Unitholder fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held him or her (or by any of his or her transferees) the same kind and amount of consideration that a holder of a Common Unit would receive if such Common Unit holder failed to make such an election.

Subject to the rights of the Partnership and the Company under any Vesting Agreement and the Plan (including without limitation pursuant to Section 3 of the Plan with respect to recapitalizations, mergers and substitute awards), the Partnership shall use commercially reasonable effort to cause the terms of any Transaction to be consistent with the provisions of this Section 8.8.F and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any LTIP Unitholders whose LTIP Units will not be converted into Common Units in connection with the Transaction that will (i) contain provisions enabling the holders of LTIP Units that remain outstanding after such Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the Common Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the Partnership Agreement for the benefit of the LTIP Unitholders.

5. VOTING RIGHTS OF LTIP UNITS. The following Section 8.9 shall be appended to Article 8 of the Partnership Agreement:

Section 8.9 VOTING RIGHTS OF LTIP UNITS. LTIP Unitholders shall (a) have those voting rights required from time to time by applicable law, if any, (b) have the same voting rights as a holder of Common Units, with the LTIP Units voting as a single class with the Common Units and having one vote per LTIP Unit; and (c) have the additional voting rights that are expressly set forth below. So long as any LTIP Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least a majority of the LTIP Units outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of the Partnership Agreement

applicable to LTIP Units so as to materially and adversely affect any right, privilege or voting power of the LTIP Units or the LTIP Unitholders as such, unless such amendment, alteration, or repeal affects equally, ratably and proportionately the rights, privileges and voting powers of the holders of Common Units; but subject, in any event, to the following provisions:

(i) With respect to any Transaction, so long as the LTIP Units are treated in accordance with Section 8.8.F hereof, the consummation of such Transaction shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such; and

(ii) Any creation or issuance of any Partnership Units or of any class or series of Partnership Interest including without limitation additional Common Units, LTIP Units or Preferred Units, whether ranking senior to, junior to, or on a parity with the LTIP Units with respect to distributions and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding LTIP Units shall have been converted into Common Units.

6. CONFIRMATION OF AGREEMENT. Except as modified herein, all terms and conditions of the Partnership Agreement shall remain in full force and effect.

[End of Text]

IN WITNESS WHEREOF, the General Partner has executed this Amendment as of the date first written above.

BOSTON PROPERTIES, INC., as general partner
of Boston Properties Limited Partnership

By: /s/ William J. Wedge

Name: William J. Wedge

Title: Senior Vice President

Exhibit A

to ____________________ Amendment to Agreement of Limited Partnership

NOTICE OF ELECTION BY PARTNER TO CONVERT
LTIP UNITS INTO COMMON UNITS

The undersigned LTIP Unitholder hereby irrevocably (i) elects to convert the number of LTIP Units in Boston Properties Limited Partnership (the "PARTNERSHIP") set forth below into Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended; and (ii) directs that any cash in lieu of Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of LTIP Unitholder: ____
(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted:_______________________________

Date of this Notice:____

____
(Signature of Limited Partner: Sign Exact Name as Registered with Partnership)

____
(Street Address)

____
(City) (State) (Zip Code)

Signature Guaranteed by:____

Exhibit B

to ____________________ Amendment to Agreement of Limited Partnership

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION
OF LTIP UNITS INTO COMMON UNITS

Boston Properties Limited Partnership (the "PARTNERSHIP") hereby irrevocably (i) elects to cause the number of LTIP Units held by the LTIP Unitholder set forth below to be converted into Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended

Name of LTIP Unitholder: ____
(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted: _______________________________

Date of this Notice: ____

LIBC/1591198.6

EXHIBIT 10.2

LONG TERM INCENTIVE PLAN (LTIP)
UNIT VESTING AGREEMENT

UNDER THE BOSTON PROPERTIES, INC.
1997 STOCK OPTION AND INCENTIVE PLAN

Name of Grantee: _____________________
No. of LTIP Units: ________________________
Purchase Price per Unit: $.25 per unit
Grant Date: _________________________, 200_
Final Acceptance Date: _____________________, 200_

Pursuant to the Boston Properties, Inc. 1997 Stock Option and Incentive Plan (the "PLAN") as amended through the date hereof and the Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership, dated as of June 29, 1998, as amended through the date hereof (the "PARTNERSHIP AGREEMENT"), of Boston Properties Limited Partnership, a Delaware limited partnership (the "PARTNERSHIP"), Boston Properties, Inc., a Delaware corporation and the general partner of the Partnership (the "COMPANY") hereby grants to the Grantee named above an Other Stock-Based Award (an "AWARD") in the form of, and by causing the Partnership to issue to the Grantee named above, a Partnership Interest (as defined in the Second Amended and Restated Agreement of Limited Partnership (the "PARTNERSHIP AGREEMENT") of the Partnership, as amended) having the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion set forth herein and in the Forty-Seventh Amendment to the Partnership Agreement, such Partnership Interest to be expressed as a number of Partnership Units (as defined in the Partnership Agreement) which shall be referred to as Long Term Incentive Units ("LTIP UNITS"). Upon acceptance of this Long Term Incentive Plan (LTIP) Unit Vesting Agreement (this "AGREEMENT"), the Grantee shall receive the number of LTIP Units specified above, subject to the restrictions and conditions set forth herein, in the Plan and in the Partnership Agreement.

1. ACCEPTANCE OF AGREEMENT. The Grantee shall have no rights with respect to this Agreement unless he or she shall have accepted this Agreement prior to the close of business on the Final Acceptance Date specified above by (i) making a contribution to the capital of the Partnership by certified or bank check or other instrument acceptable to the Administrator (as defined in Section 2 of the Plan), of the Purchase Price per Unit specified above, times the number of LTIP Units to be issued to the Grantee as part of this Award, (ii) signing and delivering to the Partnership a copy of this Agreement and (iii) unless the Grantee is already a Limited Partner (as defined in the Partnership Agreement), signing, as a Limited Partner, and delivering to the Partnership a counterpart signature page to the Partnership Agreement (attached hereto as ANNEX A). The Purchase Price per Unit paid by the Grantee shall be deemed a contribution to the capital of the Partnership upon the terms and conditions set forth herein and in the Partnership Agreement. Upon acceptance of this Agreement by the Grantee, the Partnership Agreement shall be amended to reflect the issuance to the Grantee of the LTIP Units so accepted

and the Partnership shall deliver to the Grantee a certificate of the Company certifying the number of LTIP Units then issued to the Grantee. Thereupon, the Grantee shall have all the rights of a Limited Partner of the Partnership with respect to the number of LTIP Units specified above, as set forth in the Partnership Agreement, subject, however, to the restrictions and conditions specified in Paragraph 2 below.

2. RESTRICTIONS AND CONDITIONS.

(a) The records of the Partnership evidencing the LTIP Units granted herein shall bear an appropriate legend, as determined by the Partnership in its sole discretion, to the effect that such LTIP Units are subject to restrictions as set forth herein, in the Plan and in the Partnership Agreement.

(b) LTIP Units granted herein may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of by the Grantee prior to vesting.

(c) If the Grantee ceases to be a Director of the Company for any reason, subject to Section 13 of the Plan, prior to vesting of the LTIP Units granted herein, the Partnership shall have the right, at the discretion of the Administrator, to repurchase such LTIP Units from the Grantee or the Grantee's legal representative at the Purchase Price per Unit. The Partnership must exercise such right of repurchase or forfeiture by written notice to the Grantee or the Grantee's legal representative not later than 90 days following such cessation of Grantee's tenure as Director.

3. VESTING OF LTIP UNITS. The restrictions and conditions in Paragraph 2 of this Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Grantee remains an employee of the Company or one of its Subsidiaries on such Vesting Date or Dates. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraph 2 shall lapse only with respect to the percentage of LTIP Units accepted by the Grantee hereunder that is specified as vested on such date.

PERCENTAGE OF LTIP UNITS VESTED	VESTING DATE
50%	______________, 200_
50%	______________, 200_

Subsequent to such Vesting Date or Dates, the LTIP Units on which all restrictions and conditions have lapsed shall no longer be deemed restricted.

4. ACCELERATION OF VESTING IN SPECIAL CIRCUMSTANCES. If (i) the Grantee ceases to be a Director of the Company by reason of death, incapacity due to physical or mental illness or disability or (ii) a Change of Control (as defined in Section 16 of the Plan) occurs, any restrictions and conditions on all LTIP Units subject to this Award shall be deemed waived by the Administrator and all LTIP Units granted hereby shall automatically become fully vested.

Anything to the contrary in the Plan notwithstanding, in the event a Transaction (as defined in Section 3(c) of the Plan) occurs, the Board (as defined in the Plan), or the board of directors of any corporation assuming the obligations of the Company ("ACQUIROR") shall have the right to take the action specified in Section 3(c) of the Plan ("MERGER-RELATED ACTION") subject to the following limitations and qualifications:

(a) if (i) all LTIP Units awarded to the Grantee hereunder are eligible, as of the time of the Merger-Related Action (and giving effect to the anticipated consummation of the Transaction as provided in Section 8.8 of the Partnership Agreement), for conversion into Common Units (as defined in the Partnership Agreement) and (ii) the Grantee is afforded the opportunity to effect such conversion and receive, in consideration for the Common Units into which his or her LTIP Units shall have been converted, the same kind and amount of consideration as other holders of Common Units in connection with the Transaction, then Merger-Related Action of the kind specified in either clause (i) or clause (ii) of Section 3(c) of the Plan shall be permitted and available to the Company and the Acquiror;

(b) if (i) some or all of the LTIP Units awarded to the Grantee hereunder are not, as of the time of the Merger-Related Action, so eligible for conversion into Common Units, and (ii) the acquiring or succeeding entity is itself, or has a subsidiary which is organized as a partnership or limited liability company (consisting of a so called "UPREIT" or other structure similar in purpose or effect to that of the Company and the Partnership), then Merger-Related Action of the kind specified in clause (i) of Section 3(c) of the Plan must be taken by the Acquiror with respect to all LTIP Units which are not so convertible at the time, whereby (A) all such LTIP Units covered by this Award shall be assumed by the acquiring or succeeding entity, or equivalent awards shall be substituted by the acquiring or succeeding entity, and (B) the acquiring or succeeding entity shall preserve with respect to the assumed LTIP Units or any securities to be substituted for such LTIP Units, as far as reasonably possible under the circumstances, the distribution, special allocation, conversion and other rights set forth in the Partnership Agreement for the benefit of the holders of LTIP Units; and

(c) if (i) some or all of the LTIP Units awarded to the Grantee hereunder are not, as of the time of the Merger-Related Action, so eligible for conversion into Common Units, and (ii) the conditions set forth in Section 4(b) above cannot be satisfied after exercise of reasonable commercial efforts by the Company and/or Acquiror, then Merger-Related Action of the kind specified in clause (ii) of Section 3(c) of the Plan must be taken by the Company or the

Acquiror, in which case such action shall be based on the principle that the settlement of the terminated award of LTIP Units which are not convertible into Common Units requires a payment of the same kind and amount of consideration payable in connection with the Transaction to a holder of the number of Common Units into which the LTIP Units to be terminated could be converted (including the right to make elections as to the type of consideration) if the Transaction were of a nature that permitted a revaluation of the Grantee's capital account balance under the terms of the Partnership Agreement, as determined by the Administrator in good faith in accordance with the Plan.

5. DISTRIBUTIONS. Distributions on the LTIP Units shall be paid currently to the Grantee in accordance with the terms of the Partnership Agreement. The right to distributions set forth in this Section 5 shall be deemed a Dividend Equivalent Right for purposes of the Plan.

6. INCORPORATION OF PLAN. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan. Capitalized terms used in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

7. COVENANTS, REPRESENTATION AND WARRANTIES. The Grantee hereby makes the covenants, representations and warranties and set forth on ANNEX B attached hereto. All of such covenants, warranties and representations shall survive the execution and delivery of this Agreement by the Grantee. The Grantee shall immediately notify the Partnership upon discovering that any of the representations or warranties set forth on ANNEX B were false when made or have, as a result of changes in circumstances, become false.

8. TRANSFERABILITY. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

9. AMENDMENT. The Grantee acknowledges that the Plan may be amended or discontinued in accordance with Section 14 thereof and that this Agreement may be amended or canceled by the Administrator, on behalf of the Partnership, for the purpose of satisfying changes in law or for any other lawful purpose, provided that no such action shall adversely affect the Grantee's rights under this Agreement without the Grantee's written consent. The provisions of Section 4 of this Agreement applicable to the termination of the LTIP Units covered by this Award in connection with a Transaction (as defined in the Plan) pursuant to Section 3(b) of the Plan shall apply, MUTATIS MUTANDI to amendments, discontinuance or cancellation pursuant to this Section 9 or Section 14 of the Plan.

10. NO OBLIGATION TO CONTINUE AS DIRECTOR. This Award does not confer upon the Grantee any right to continue as a Director.

11. NOTICES. Notices hereunder shall be mailed or delivered to the Partnership at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Partnership or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

12. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

BOSTON PROPERTIES, INC.

By: ____

Name:
Title:

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc., its general partner

By: ______________________________________

Name:
Title:

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the Grantee.

Dated:____________________________

Grantee's Signature

Grantee's name and address:
____

____

____

____

ANNEX A

FORM OF LIMITED PARTNER SIGNATURE PAGE
FOR PARTNERS ADMITTED AFTER JUNE 29, 1998

The Grantee, desiring to become one of the within named Limited Partners of Boston Properties Limited Partnership, hereby becomes a party to the Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership by and among Boston Properties, Inc. and such Limited Partners, dated as of June 29, 1998, as amended. The Grantee agrees that this signature page may be attached to any counterpart of said Agreement of Limited Partnership.

Signature Line for Limited Partner:

Name:
Date:

Address of Limited Partner:

ANNEX B

GRANTEE'S COVENANTS, REPRESENTATIONS AND WARRANTIES

The Grantee hereby represents, warrants and covenants as follows:

(a) One or more of the following categories correctly describes the Grantee, and the Grantee has so indicated by marking in the boxes beside the category or categories which so describe the Grantee.

CHECK ALL BOXES THAT APPLY

/ / (i) The Grantee is an individual with a net worth (or net worth with his or her spouse) in excess of $1 million.

/ / (ii) The Grantee is an individual with income (without including any income of the Grantee's spouse) in excess of $200,000, or joint income with the Grantee's spouse, in excess of $300,000, in each of the two most recent years, and the Grantee reasonably expects to reach the same income level in the current year.

/ / (iii) The Grantee is a natural person who is a director or executive officer (as defined below) of either or both of the Partnership or the Company, the general partner of the Partnership. As used herein, "executive officer" shall mean the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Partnership or the Company.

(b) The Grantee has received and had an opportunity to review the documents (the "BACKGROUND DOCUMENTS"):

(i) The Company's latest Annual Report to Stockholders;

(ii) The Company's Proxy Statement for its most recent Annual Meeting of Stockholders;

(iii) The Company's Report on Form 10-K for the fiscal year most recently ended;

(iv) The Company's Form 10-Q for the most recently ended quarter if one has been filed by the Company with the Securities and Exchange Commission since the filing of the report described in clause (iii) above;

(v) Each of the Company's Current Report(s) on Form 8-K, if any, filed since the end of the fiscal year most recently ended;

(vi) The Partnership Agreement;

(vii) The Plan; and

(viii) The Company's Amended and Restated Certificate of Incorporation.

The Grantee also acknowledges that any delivery of the Background Documents and other information relating to the Company and the Partnership prior to the determination by the Partnership of the suitability of the Grantee as an LTIP Unitholder shall not constitute an offer of LTIP Units until such determination of suitability shall be made.

(c) The Grantee hereby represents and warrants that

(i) The Grantee either (i) is an "accredited investor" as defined in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), or (ii) by reason of his or her business and financial experience, together with the business and financial experience of those persons, if any, retained by the Grantee to represent or advise him or her with respect to the grant to him or her of LTIP Units, the potential conversion of LTIP Units into Common Units of the Partnership ("COMMON UNITS") and the potential redemption of such Common Units for shares of common stock of the Company ("REIT SHARES"), has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that he or she (A) is capable of evaluating the merits and risks of an investment in the Partnership and potential investment in the Company and of making an informed investment decision, (B) is capable of protecting his or her own interest or has engaged representatives or advisors to assist him or her in protecting his or her interests, and (C) is capable of bearing the economic risk of such investment.

(ii) The Grantee understands that (A) the award of LTIP Units under the Plan involves risks different from, and in certain circumstances substantially greater than those involved in an award of a comparable number of REIT Shares as a "Restricted Stock Award" under the Plan; (B) the Grantee is responsible for consulting his or her own tax advisors with respect to the application of the U.S. federal income tax laws, and the tax laws of any state, local or other taxing jurisdiction to which the Grantee is or by reason of the award of LTIP Units may become subject, to his or her particular situation; (C) the Grantee has not received or relied upon business or tax advice from the Company, the Partnership or any of their respective employees, agents, consultants or advisors; (D) the Grantee provides services to the Partnership on a regular basis and in such capacity has access to such information, and has such experience of and involvement in the business and operations of the Partnership, as the Grantee believes to be necessary and appropriate to make an informed decision to accept this Award of LTIP Units; and (E) an investment in the Partnership and/or the Company involves substantial risks. The Grantee has been given the opportunity to make a thorough investigation of matters relevant to the LTIP Units and has been furnished with, and has reviewed and understands, materials relating to the Partnership and the Company and their respective activities (including, but not limited to, the Background Documents). The Grantee has been afforded the opportunity to obtain any additional information (including any exhibits to the Background Documents) deemed necessary by the Grantee to verify the accuracy of information conveyed to the Grantee. The Grantee confirms that all documents, records, and books pertaining to his or her receipt of LTIP Units which were requested by the Grantee have been made available or delivered to the Grantee. The Grantee has had an opportunity to ask questions of and receive answers from the Partnership and the Company, or from a person or persons acting on their behalf, concerning the terms and conditions of the LTIP Units. THE GRANTEE HAS RELIED UPON, AND IS MAKING ITS DECISION SOLELY UPON, THE BACKGROUND DOCUMENTS AND OTHER WRITTEN INFORMATION PROVIDED TO THE GRANTEE BY THE PARTNERSHIP OR THE COMPANY. The Grantee did not receive any tax, legal or financial advice from the Partnership or the Company and, to the extent it deemed necessary, has consulted with its own advisors in connection with its evaluation of the Background Documents and this Agreement and the Grantee's receipt of LTIP Units.

(iii) The LTIP Units to be issued, the Common Units issuable upon conversion of the LTIP Units and any REIT Shares issued in connection with the redemption of any such Common Units will be acquired for the account of the Grantee for investment only and not with a current view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein, without prejudice, however, to the Grantee's right (subject to the terms of the LTIP Units, the Plan and this Agreement) at all times to sell or otherwise dispose of all or any part of his or her LTIP Units, Common Units or REIT Shares in compliance with the Securities Act, and applicable state securities laws, and subject, nevertheless, to the disposition of his or her assets being at all times within his or her control.

(iv) The Grantee acknowledges that (A) neither the LTIP Units to be issued, nor the Common Units issuable upon conversion of the LTIP Units, have been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws and, if such LTIP Units or Common Units are represented by certificates, such certificates will bear a legend to such effect, (B) the reliance by the Partnership and the Company on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Grantee contained herein, (C) such LTIP Units, or Common Units, therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available, (D) there is no public market for such LTIP Units and Common Units and (E) neither the Partnership nor the Company has any obligation or intention to register such LTIP Units or the Common Units issuable upon conversion of the LTIP Units under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws, except, that, upon the redemption of the Common Units for REIT Shares, the Company currently intends to issue such REIT Shares under the Plan and pursuant to a Registration Statement on Form S-8 under the Securities Act, to the extent that the Grantee is eligible to receive such REIT Shares under the Plan at the time of such issuance, the Company has filed a Form S-8 Registration Statement with the Securities and Exchange Commission registering the issuance of such REIT Shares and such Form S-8 is effective at the time of the issuance of such REIT Shares. The Grantee hereby

acknowledges that because of the restrictions on transfer or assignment of such LTIP Units acquired hereby and the Common Units issuable upon conversion of the LTIP Units which are set forth in the Partnership Agreement or this Agreement, the Grantee may have to bear the economic risk of his or her ownership of the LTIP Units acquired hereby and the Common Units issuable upon conversion of the LTIP Units for an indefinite period of time.

(v) The Grantee has determined that the LTIP Units are a suitable investment for the Grantee.

(vi) No representations or warranties have been made to the Grantee by the Partnership or the Company, or any officer, director, shareholder, agent, or affiliate of any of them, and the Grantee has received no information relating to an investment in the Partnership or the LTIP Units except the information specified in Paragraph (b) above.

(e) So long as the Grantee holds any LTIP Units, the Grantee shall disclose to the Partnership in writing such information as may be reasonably requested with respect to ownership of LTIP Units as the Partnership may deem reasonably necessary to ascertain and to establish compliance with provisions of the Internal Revenue Code of 1986, as amended (the "CODE"), applicable to the Partnership or to comply with requirements of any other appropriate taxing authority.

(f) The Grantee hereby agrees to make an election under Section 83(b) of the Code with respect to the LTIP Units awarded hereunder, and has delivered with this Agreement a completed, executed copy of the election form attached hereto as ANNEX C. The Grantee agrees to file the election (or to permit the Partnership to file such election on the Grantee's behalf) within thirty (30) days after the award of the LTIP Units hereunder with the IRS Service Center at which such Grantee files his or her personal income tax returns, and to file a copy of such election with the Grantee's U.S. federal income tax return for the taxable year in which the LTIP Units are awarded to the Grantee.

(g) The address set forth on the signature page of this Agreement is the address of the Grantee's principal residence, and the Grantee has no present intention of becoming a resident of any country, state or jurisdiction other than the country and state in which such residence is sited.

(h) The representations of the Grantee as set forth above are true and complete to the best of the information and belief of the Grantee, and the Partnership shall be notified promptly of any changes in the foregoing representations.

ANNEX C

ELECTION TO INCLUDE IN GROSS INCOME IN YEAR OF TRANSFER OF PROPERTY PURSUANT TO SECTION 83(B) OF THE INTERNAL REVENUE CODE

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code with respect to the property described below and supplies the following information in accordance with the regulations promulgated thereunder:

1. The name, address and taxpayer identification number of the undersigned are:

   Name:________________________________ (the "TAXPAYER")

   Address:____

   ____

   Social Security No.____

2. Description of property with respect to which the election is being made:

   The election is being made with respect to ________ LTIP Units in Boston Properties Limited Partnership (the "PARTNERSHIP").

3. The date on which the LTIP Units were transferred is _________, 200_. The taxable year to which this election relates is calendar year 200_.

4. Nature of restrictions to which the LTIP Units are subject:

   (a) Until the LTIP Units vest, the Taxpayer may not transfer in any manner any portion of the LTIP Units without the consent of the Partnership.

   (b) The Taxpayer's LTIP Units vest in accordance with the vesting provisions described in the Schedule attached hereto. Unvested LTIP Units are forfeited in accordance with the vesting provisions described in the Schedule attached hereto.

5. The fair market value at time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the LTIP Units with respect to which this election is being made was $0.25 per LTIP Unit.

6. The amount paid by the Taxpayer for the LTIP Units was $0.25 per LTIP Unit.

7. A copy of this statement has been furnished to the Partnership and its

general partner, Boston Properties, Inc. (the "Company").

Dated:___________ , 200_

Name:

SPOUSAL CONSENT

The undersigned hereby consents to the making, by the undersigned's spouse, of the foregoing election pursuant to Section 83(b) of the Internal Revenue Code.

(Signature)

(Type or Print Spouse's Name)

SCHEDULE TO SECTION 83(b) ELECTION -VESTING PROVISIONS OF LTIP UNITS

LTIP Units are subject to time-based vesting with 50% vesting on _________, 200_ and 50% vesting on _________, 200_, subject to acceleration in the event of certain extraordinary transactions or the Taxpayer ceasing to be a director of the Company in certain circumstances. Generally, unvested LTIP Units are subject to repurchase at cost in the event that the Taxpayer ceases to be a director of the Company.

EXHIBIT 31.1

CERTIFICATION

I, Edward H. Linde, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boston Properties Limited Partnership;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

/s/ Edward H. Linde

Edward H. Linde

Chief Executive Officer of Boston Properties, Inc., general partner of Boston Properties Limited Partnership

EXHIBIT 31.2

BOSTON PROPERTIES, INC.

CERTIFICATION

I, Douglas T. Linde, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boston Properties Limited Partnership;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

/s/ Douglas T. Linde

Douglas T. Linde

Chief Financial Officer of Boston Properties, Inc., general partner of Boston Properties Limited Partnership

EXHIBIT 32.1

BOSTON PROPERTIES, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Boston Properties, Inc., the sole general partner of Boston Properties Limited Partnership (the "Company"), hereby certifies to my knowledge that the Company's quarterly report on Form 10-Q for the quarterly period ended June 30, 2003 (the "Report"), as filed with the Securities and Exchange Commissions on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

Date: August 14, 2003

/s/ Edward H. Linde

Edward H. Linde
Chief Executive Officer of Boston Properties, Inc., general partner of Boston Properties Limited Partnership

EXHIBIT 32.2

BOSTON PROPERTIES, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Boston Properties, Inc., the sole general partner of Boston Properties Limited Partnership (the "Company"), hereby certifies to my knowledge that the Company's quarterly report on Form 10-Q for the quarterly period ended June 30, 2003 (the "Report"), as filed with the Securities and Exchange Commissions on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

Date: August 14, 2003

/s/ Douglas T. Linde

Douglas T. Linde
Chief Financial Officer of Boston Properties, Inc., general partner of Boston Properties Limited Partnership